Ohio Rail Development Commission

50 West Broad Street, Suite 1510, Columbus, Ohio 43215
614-644-0306 (telephone) • 614-728-4520 (fax) • www.dot.state.oh.us/ohiorail

May 10, 2007

Dear Commissioners:

Briefing materials for the **Thursday, May 17, 2007** Commission meeting are enclosed. You will find the minutes of the March meeting enclosed and posted on ORDC's website at www.dot.state.oh.us/ohiorail.

The meeting will be held in the Vern Riffe Center, 31st floor, South B&C, beginning at 1:15 p.m. General Barry McCaffrey will be giving a presentation on Homeland Security issues.

If you haven't already done so, please contact Wende Jourdan to confirm your attendance. You may reach her at 614/728-9497 (telephone) or at wende.jourdan@dot.state.oh.us. We look forward to seeing you at the meeting.

Sincerely,

James E. Betts
Chair

enclosures

THE OHIO RAIL DEVELOPMENT COMMISSION

MEETING AGENDA

Thursday, May 17 at 1:15 p.m.
Vern Riffe Center for Government & the Arts
77 South High Street, 31st floor, Columbus, Ohio

CALL TO ORDER – James E. Betts, Chairman
- Welcome
- Roll Call
- Approval of Minutes from March Meeting

EXECUTIVE DIRECTOR / FINANCE REPORT – Matt Dietrich

GUEST SPEAKER – GENERAL BARRY McCAFFREY (ret.)

PROJECTS FOR APPROVAL
- Resolution 07-05: Ohi-Rail Lease Renewal – Evelyn Winkfield
- Resolution 07-06: 5-Year Renewal of Panhandle Rail Line Operating Agreement with the Columbus and Ohio River Rail Road Company Renewal – Matt Dietrich
- Resolution 07-07: Wheeling & Lake Erie Railroad (APU purchase) – Matt Dietrich
- Resolution 07-08: Fulton Railroad – Lou Jannazo
- Resolution 07-09: Village of Leipsic – Lou Jannazo

APPROVED PROJECT BRIEFINGS
- Tuscarawas County Port Authority – Lou Jannazo
- City of Greenville – Lou Jannazo
- Ohi-Rail – Lou Jannazo

OLD BUSINESS

NEW BUSINESS

PUBLIC COMMENT

EXECUTIVE SESSION for consideration of permanent Executive Director – Jim Betts

RECONVENE FROM EXECUTIVE SESSION

ADJOURN

MEMORANDUM
May 17, 2007

TO: ORDC Commissioners

FROM: Matthew Dietrich

SUBJECT: Executive Director / Finance Report

This document reflects the accomplishments and highlights of the Ohio Rail Development Commission since March 30, 2007.

Budget

- Unfortunately the House-Passed Substitute House Bill 119 removed the Governor's proposed increase in ORDC's GRF budget for grants to freight rail projects. Because the Governor's budget had already removed the Rail Transload Facilities Funding, ORDC is actually looking at a $500,000 cut to its project funding accounts. Staff has been working with the Governor's office as well as its constituents to request that the Ohio Senate restore the funding proposed in the Governor's budget. I am testifying before the Senate Finance Committee on Wednesday, May 23, 2007 at 9:30 am.

Passenger Rail

- Staff has submitted a request for a congressional allocation of funds for the Ohio Hub PEIS (a copy of the request is attached). This request was submitted to Congresswoman Kaptur and Congressman Ryan. In addition, a letter from ORDC was sent out to all of Ohio's Congressional Delegation. If successful, the $5 million request will require non-federal matching funds. Realizing that ORDC will not be able to provide all of the matching funds for this project, staff has developed several different strategies for assembling the matching funds. Staff has already discussed the project with the Governor's office and will soon be meeting with them to identify all potential state level funds as well as an acceptable strategy to approach MPOs and local governments that could be used to support this project.
- Staff has received a copy of the final draft of the Ohio Hub Report. Comments on the Economic Impact Study have been submitted to TEMS and the GEM report has just been received. Staff hopes to have a presentation to the Commission at the July or September meeting.

Safety

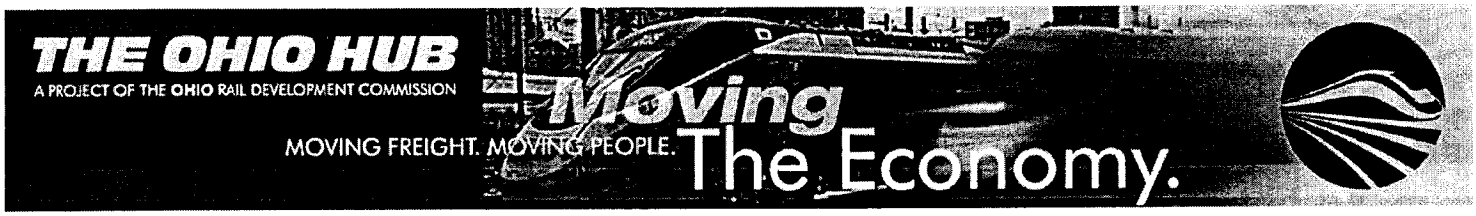
- The ribbon-cutting for the 4 quadrant gate installation in the City of Loveland was a complete success. I want to thank Tom McOwen for being the Master of Ceremonies as well as Commissioner Roberts who attended the event. Other attendees included Congresswoman Jean Schmidt, State Senators Tom Niehaus and Robert Schuler, representatives from the City of Loveland, the Indiana and Ohio RR, PUCO Rail Section staff and ORDC staff. The event received great press coverage and allowed the ORDC to reinforce its railroad safety message.

- ORDC safety staff will be soon participating in the court-ordered diagnostic review for the proposed City of Mentor crossing. Staff has already informed the city that its recommendations will be consistent with the arguments raised in ORDC's lawsuit: ORDC staff does not have the technical expertise to develop an engineering solution to this new, heavily used, multiple main line track, multiple railroad crossing.

Administrative & Financial

- As a change in policy, legislators will now be notified of ORDC projects in their district and invited to attend the Commission meeting at which time those projects are considered. This is just a small step in a bigger approach to ensure that the importance of the freight railroad industry and the role of the ORDC as it interacts with that industry is made known to the General Assembly on a continual basis.
- Staff has met with Cambridge Systematics. The firm, who is currently working on the Freight Chokepoint Study for ODOT, has developed software which is being used by other states such as Florida and Louisiana in their evaluation of the public benefits of freight rail projects. It is my intent to purchase the software, valued at approximately $20,000, to further define the public benefits of investment in freight rail transportation. Given the timing and the approvals required by ODOT's IT department, this purchase might not happen until after the new fiscal year.
- Staff has agreed to assist the Toledo Metropolitan Area Council of Governments (TMACOG) and the Ohio Association of Regional Councils (OARC) in co-sponsoring the 2007 Ohio Conference on Freight. The event will occur in Toledo on September 17 & 18. If any of you are interested in attending, please let me know.
- ORDC has provided a $1,000 grant to the American Institute of Architects (AIA) Columbus Office to assist with the sponsorship of AIA's Multi-Modal Oriented Development Charrette Design Competition. The competition is designed for the promotion of multi-modal oriented development through three Community Charrettes taking place on March 4, 6, and 12, 2007 and the Competition Awards taking place on June 1, 2007.
- RRIF Loan Update: I have been interviewed by the Seneca Group, the Federal Railroad Administration's financial advisor, regarding the details of the project. They will be working directly with Ohio Central to develop a five year pro forma which is required by the FRA for the loan. As soon as that activity is done, the Seneca Group will be able to make its recommendations to the FRA.
- Because of no need for legal services this fiscal year, staff cancelled the encumbrances for legal counsel; releasing $7,000.
- Loans in process: Shenandoah Valley Reality, Indiana & Eastern Railroad, Warrenton River Terminal, Farmers Ethanol, Medina County, Wheeling & Lake Erie – Benwood Bridge, WESTCO, Indiana Eastern, Marion Intermodal Center, Medina County.
- Grants in process: Coshocton Ethanol, Crane Plastics, City of Lima, Operation Lifesaver, WESTCO, Farmers Ethanol, Marion Intermodal Terminal, Warrenton River Terminal, City of Medina, Ohio Central – Grand River Lease, Norfolk Southern, Ohio Southern – McCluney Trestle, US Rail (2), Wheeling & Lake Erie – Benwood Bridge, Whirlpool, Ohio Central – Mahoning Bridge, Shenandoah Valley Reality.

- Active Personal Service Contracts: Seasongood Mayer, Capital Partnerships, Highway Railroad Safety Consulting, PFM Asset Management.
- Financial Statements prepared for April 30, 2007.
- Excluding payroll, from July 1, 2006 to April 30, 2007, ORDC has collected a total of $868,070.94 and has expended $636,067.99.



Ohio Rail Development Commission
Fiscal Year 2008
Federal Appropriations Request

The Ohio Rail Development Commission (ORDC) has submitted a funding request through and with the cooperation of Congresswoman Marcy Kaptur and Congressman Tim Ryan to advance the planning and environmental reviews for three Ohio Hub corridors: Cleveland-Columbus-Dayton-Cincinnati; Cleveland-Toledo-Detroit; and Cleveland-Pittsburgh. The following Ohio Hub project information was provided by ORDC to both Congresswoman Kaptur and Congressman Ryan.

Name of Project: Ohio Hub Programmatic Environmental Impact Statement - Phase 1

Name of Requesting Organization: Ohio Rail Development Commission

Physical Location of Project: The Ohio Rail Development Commission (ORDC) and the Ohio Department of Transportation (ODOT) have studied the feasibility of expanding transportation capacity by improving the railroad system for both passenger and freight trains. These efforts have resulted in the proposed Ohio Hub Passenger and Freight Rail System Plan. The Ohio Hub Plan involves the development of nine intercity-interstate passenger and freight rail corridors including:

Ohio Hub - Phase 1:

1. Cleveland-Columbus-Dayton-Cincinnati
2. Cleveland-Toledo-Detroit
3. Cleveland-Pittsburgh

Ohio Hub: Later Phases:

4. Cleveland-Toledo-Chicago
5. Columbus-Lima-Chicago
6. Columbus-Toledo
7. Columbus-Pittsburgh
8. Cincinnati-Indianapolis-Chicago
9. Cleveland-Erie-Buffalo-Toronto

The 1,780-mile interstate railroad system will serve over 33 million people in Ohio and the surrounding region, which includes five neighboring states and southern Ontario, Canada. The 53 passenger rail stations will be located in downtowns, in suburbs near highways, and adjacent to major international airports. Feeder buses will integrate the rail service with smaller communities and college towns. Frequent, reliable, modern, and comfortable passenger trains will offer same-day round-trip service throughout the region, and when the system is connected to other developing rail corridors, the Ohio Hub becomes a critical link in a national network serving 140 million people in the Midwest, Northeast, and Canada, or nearly half of the U.S. population.

Supporting Organizations (if applicable): Planning for the Ohio Hub Passenger and Freight Rail System is an ongoing, cooperative and collaborative effort. Transportation agencies from Ohio, Indiana, Michigan, Pennsylvania and New York, along with Amtrak and VIA Rail contributed to the feasibility planning for the Ohio Hub System. Norfolk Southern, CSX and Canadian National railroads also provided critical input into the planning process.

Project Description (250 words or less): Federal funding will be used to advance the planning and environmental reviews for three Ohio Hub Corridors: Cleveland-Columbus-Dayton-Cincinnati; Cleveland-Toledo-Detroit; and Cleveland-Pittsburgh. As funding permits, the geographic scope may expand to include additional Ohio Hub corridors. The goal is to advance the corridors through the required steps under the National Environmental Policy Act (NEPA). This will resolve decisions regarding project location, capital improvements, community priorities, and environmental impacts, and will result in a *Programmatic Environmental Impact Statement* (PEIS) that will record a list of project decisions to be approved by the Federal Railroad Administration. The Ohio Hub PEIS - Phase 1 will:

1. Provide federal recognition of the Ohio Hub as "*a funding-ready program of capacity improvement projects*;"
2. Strengthen Ohio's partnership with the freight railroads by working to identify *"system wide"* improvements that will increase transportation capacity for growing volumes of freight while removing railroad bottlenecks, improving fluidity, and having a positive affect on highway capacity, shipping rates, and economic development;
3. Identify critical railroad rights-of-way and facilities that must be preserved for Ohio's future long-term railroad capacity needs;
4. Evaluate the capital and operating needs for an Ohio Hub passenger rail *"start-up"* service;
5. Propose a project funding framework that will capture public and private transportation funds currently being spent on Ohio highway and railroad improvements, which will be leveraged to attract additional federal funds for construction when a federal rail funding program is finally put in place; and
6. Strengthen interstate and local partnerships as state and local agencies and transit authorities work to share technical information, coordinate planning, and interconnect projects that offer joint-development potential.

Amount requested and Budget: $5 million for Fiscal Year 2008.

Budget: The total cost for the Ohio Hub Programmatic Environmental Impact Statement – Phase 1 is $6.25 million. The break-down for the Ohio Hub PEIS – Phase 1 Budget is as follows:

▪ Program Management:	$525,000
▪ Programmatic Environmental Impact Statement - Phase 1 Work Plan:	$150,000
▪ Public Involvement and Agency Coordination:	$1,000,000
▪ Strategic Analysis of Freight Railroad Network:	$525,000
▪ Alternatives Development and Planning:	$475,000
▪ Alternatives Analysis - Ridership and Revenue Forecasts	$425,000
▪ Conceptual Engineering – Route and Station Location Studies:	$575,000
▪ Ohio Hub Start-up Service - Operating and Capital Analysis:	$200,000
▪ Initial GIS and Geospatial Data Collection and Mapping:	$275,000
▪ Affected Environment and Environmental Consequences:	$1,425,000
▪ Ohio Hub Phase 1 and System-wide Project Funding Framework:	$250,000
▪ Draft and Final PEIS Documentation and Record of Decision:	$400,000
TOTAL FY 2008 PROJECT BUDGET	$6,250,000

Sources of matching funds (please remember that you are more likely to be funded if you request no more than 50 percent of the total cost of the project). The Ohio Rail Development Commission is working to secure the local matching funds. The sources of the local funding include Ohio Rail Development Commission General Revenue Funds, Ohio Department of Transportation State Planning and Research Funds, Local Transportation Planning Funds, and Congestion Mitigation and Air Quality Funds. Other funding mechanisms include: local investment for station location and station-area land use planning and in-kind services provided by Amtrak and other private sector partners including possible investments by the freight railroads.

To date, state funds account for 35% or $284,000 of the total costs of the Ohio Hub feasibility study. Additionally, ORDC and ODOT invest in a Highway/Railroad Grade Separation Program and nearly 30 projects are located on critical passenger and freight rail corridors. State and local funding account for approximately 45% of the total cost of this $200 million program.

The minimum amount in federal funds needed to have the project/program move ahead. As the sign-off federal agency, the Federal Railroad Administration will not agree to initiate the PEIS process without a significant commitment of the required funding. At a minimum, $3 million in federal funds will be needed to initiate the Ohio Hub PEIS planning and project development process.

If applicable, does the project have the support of state/local elected officials (especially for infrastructure projects)? Please identify and include resolutions of support if available.

Yes, the Ohio Hub System Plan has tremendous state-wide support. When it was publicly released in 2005, ORDC along with Ohio's regional planning commissions and metropolitan planning organizations hosted public and agency outreach meetings in 10 Ohio cities. At every meeting the reaction to the proposed Ohio Hub was nearly universally supportive.

The Ohio Senate-126th General Assembly, with a vote of 33-0 passed Senate Concurrent Resolution No. 30 on May 24, 2006, "*Requesting the support of the Ohio Congressional delegation for federal funding for a Tier 1 Environmental Impact Statement for the Ohio Hub Plan, increasing passenger and freight rail capacity in Ohio.*

To date, 22 Ohio municipalities and agencies have sent letters or passed resolutions "*to request that the Ohio Rail Development Commission pursue completion of a Tier 1 Programmatic Environmental Impact Statement on all feasible passenger rail corridors in Ohio.*"

Support has been received from the City of Cincinnati, City of Cleveland, City of Columbus, City of Dayton, City of Lima, City of Toledo, Toledo-Lucas County Port Authority, Toledo Metropolitan Area Council of Governments, Miami Valley Regional Planning Commission, Cuyahoga County Commissioners, Lorain County Commissioners, City of Galion, City of Shaker Heights, City of Shelby, City of Sylvania, City of Vermilion, Monroe County Planning Commission, Ohio Environmental Council, and the Midwest Legislative Conference of the Council of State Governments. Letters of support have also been received from NS and CSX railroads and the Ohio Contractors Association.

Has the project received federal funding in the past? If so, please specify amount, source, year, etc. To date, a total of $805,000 state and federal funds have been expended and/or committed to the Ohio Hub feasibility study phase. The Federal share of this has been provided through the State Departments of Transportation - State Planning and Research Programs. Indiana, Michigan, New York and Pennsylvania have participated in the planning and have contributed a share of Federal and State dollars. The following identifies only the federal funding share to date:

FY 2002:	Ohio DOT State Planning and Research Program:	$160,000
FY 2002:	Michigan DOT State Planning and Research Program:	$32,000
FY 2006:	Ohio DOT State Planning and Research Program:	$220,000
FY 2006:	Indian DOT State Planning and Research Program:	$32,000
FY 2007:	Ohio DOT State Planning and Research Program:	$77,000
	TOTAL Federal Funding Share to Date	$521,000

What are the anticipated benefits of the project (250 words or less). The *Ohio Hub Passenger and Freight Rail Plan* breaks from the long-standing Amtrak model and suggests a policy that invests public dollars in improving the railroad system to achieve public benefits and generate economic development activity. The Ohio Hub rail system will provide additional capacity for freight and will keep the railroads and freeways fluid, improve railroad efficiency, promote a more balanced transportation network, and reduce emissions and U.S. dependency on expensive imported oil. In an environment of rising oil prices and urgent concerns over global warming and air quality, the Ohio Hub System will offer an energy efficient, emissions efficient, and cost effective alternative to air and automobile travel. Railroad operations are two to three times more fuel efficient than cars and trucks and three to four times more fuel efficient than air.

The benefit to cost analysis methods, developed and accepted by the USDOT-FRA, estimate nearly $9 billion in economic impacts from constructing a four corridor, 860 mile, $4.9 billion system. The benefit cost ratio is substantial (1.8) reflecting the fact that the Ohio Hub region provides an exceptional environment for developing the nation's regional rail system. The *Ohio Hub Economic Impact Study* concludes that the long-term benefits are substantial. In addition to the 6,600 construction jobs the report highlights the long-term economic impacts:

- The Ohio Hub will create 16,700 permanent jobs which is equivalent to more than 500,000 person years of work over 30 years;
- The project will raise the region's income by over $1 billion over the life of the project;
- The project will increase the average annual household income in the region by at least $90.
- The Ohio Hub will have the affect of increasing land values and creating the potential for communities to develop new retail, office and residential projects near the Ohio Hub stations. The Ohio Hub will generate more than $3 billion dollars of development activity near the passenger rail stations.
- The Ohio Hub will increase tourism and will generate 320 thousand new overnight trips and create an $80 million impact per year on Ohio's tourism industry.

Identify the targeted population who will be served by this initiative. The Ohio Hub intercity/interstate passenger rail network will serve 33 million people in Ohio and the surrounding region, including cities in six states and southern Ontario, Canada. The Ohio Hub System along with the proposed 3,000-mile, nine state Midwest Regional Rail System is forecast to carry 23 million passengers per year, the same number of passengers that currently ride Amtrak's entire nationwide network. The Ohio Hub will offer competitive fares to destinations throughout the region.

Full contact information (address, email, telephone numbers, including cells) of two members of the requesting organization who can answer questions on the project.

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Will this request be submitted to any other U.S. Representatives or U.S. Senators for consideration? If so, please specify. Statewide Congressional support and co-sponsorship is being sought for this request.

Does your organization have any financial issues - now or in the foreseeable future- that could place the organization's operation at risk of continuing its programs and services, or would jeopardize the availability of the local match? No. The Ohio Rail Development Commission (ORDC) is an independent state agency within the Ohio Department of Transportation.

OHIO RAIL DEVELOPMENT COMMISSION: May 17, 2007 Finance Report

GENERAL REVENUE FUND (GRF) APPROPRIATION AUTHORITY
May 2007 - Fiscal Year 2007

GRF APPROPRIATION AVAILABLE FOR PROJECTS AND PERSONAL SERVICE CONTRACTS			
GRF APPROPRIATION FOR PROJECTS			**1,700,000**
LESS: PROJECTS ENCUMBERED or DISBURSED	1,398,810		
LESS: PROJECTS APPROVED BUT NOT ENCUMBERED			
Allen County (Apla)	75,000		
TOTAL	*1,473,810*	*-1,473,810*	
PROPOSED GRF COMMITMENTS FOR FY 2007			
Gnatenhuten Port Authority	48,570		
City of Greenville	100,000		
Village of Leipsic	100,000		
Ohi-Rail	42,924		
TRANSFER OF EXCESS PAYROLL TO PROJECTS	**-65,304**		
TOTAL	*226,190*	*-226,190*	
BALANCE OF GRF APPROPRIATION FOR PROJECTS			***0***
GRF APPROPRIATION FOR PERSONAL SERVICE CONTRACTS			**75,000**
GRF COMMITMENTS FOR FY 2007 TO DATE	80,229		
TOTAL	*80,229*	*-80,229*	
BALANCE OF GRF APPROPRIATION FOR PERSONAL SERVICE CONTRACTS			***-5,229***
RAIL TRANSLOAD FUNDS AVAILABLE FOR FY 2007			**200,000**
PROPOSED COMMITMENTS FOR FY 2007			
Fulton Railroad	200,000		
TOTAL	*200,000*	*-200,000*	
BALANCE OF TRANSLOAD FUNDS FOR PROJECTS			***0***
FUND 3B9 (FEDERAL) AVAILABLE FOR FY 2007			**4**
RAIL FUND 4N4 - REVOLVING LOAN FUND			**6,182,790**
LESS: OPEN ENCUMBRANCES	825,000		
LESS: PANHANDLE RESERVE FUND	764,400		
TOTAL	*1,589,400*		*-1,589,400*
FISCAL YEAR 2007 APPROPRIATION		**4,061,500**	
LESS: PAYROLL FROM LOAN AND LICENSE FEES (Budgeted)	132,218		
LESS: OPEN ENCUMBRANCES FY 2007	1,699,495		
LESS: PROJECTS APPROVED BUT NOT ENCUMBERED			
Arbitrage Rebate	22,439		
Medina County	81,375		
TOTAL	*1,935,527*	*-1,935,527*	*-1,935,527*
Proposed 4N4 Commitments for FY 2007			
Village of Leipsic	*825,000*		
Wheeling & Lake Erie	*378,600*		
TOTAL	*1,203,600*	*-1,203,600*	*-1,203,600*
APPROPRIATION BALANCE OF FUND 4N4 AVAILABLE FOR PROJECTS		***922,373***	
BALANCE OF FUND 4N4 AVAILABLEW/ CONTROLLING BOARD APPROVAL			***1,454,263***
TOTAL ORDC FUNDS AVAILABLE FOR PROJECTS - FY 2007		**997,377**	

OHIO RAIL DEVELOPMENT COMMISSION
APPROPRIATION LEDGER
For Month Ending April 30, 2007

FUND	SAC	FEDERAL STATE/OTHER	ORIGINAL APPROPRIATION	TRANSFERS	UNASSIGNED	ADJUSTED APPROPRIATION	OPEN ENCUMBRANCES	TOTAL DISBURSED	UNENCUMBERED BALANCE	PERCENT UNOBLIGATED	SAC DEFINITION
GRF	4FA5	STATE	850,000.00	0.00	0.00	850,000.00	360,747.00	300,763.00	188,490.00	22.18%	GRANT (Community/Railroad) - SUBSIDY
GRF	4FA7	STATE	850,000.00	0.00	0.00	850,000.00	532,300.00	30,000.00	287,700.00	33.85%	GRANT (Private Industry) - CAPITAL
GRF	4651	STATE	761,782.00	0.00	0.00	761,782.00	11,813.35	558,754.21	191,214.44	25.10%	PAYROLL / PERSONAL SERVICE
GRF	4652	STATE	235,718.00	0.00	0.00	235,718.00	633.44	211,370.98	23,713.58	10.06%	OFFICE EXPENSE
GRF	4653	STATE	2,500.00	0.00	0.00	2,500.00	0.00	1,956.56	543.44	21.74%	OFFICE EQUIPMENT
GRF	4665	STATE	789,600.00	0.00	0.00	789,600.00	548,685.00	240,915.00	0.00	0.00%	ODOT GRADE SEPARATION
	FUND TOTAL		**3,489,600.00**	**0.00**	**0.00**	**3,489,600.00**	**1,454,178.79**	**1,343,759.75**	**691,661.46**	**19.82%**	**FUND TOTAL - GRF**
002	4FN7	FEDERAL	1,515,375.00	3,837,924.28	0.00	5,353,299.28	249,851.42	282,589.36	4,820,858.50	90.05%	GRADE CROSSING PAVEMENT
002	4FP1	FEDERAL	484,625.00	17,000.00	0.00	501,625.00	0.00	422,343.99	79,281.01	15.80%	GRADE CROSSING SAFETY'S PAYROLL
002	4FP7	FEDERAL	11,000,000.00	5,851,309.97	80,000.00	16,851,309.97	11,686,162.56	1,366,797.77	3,718,349.64	22.07%	GRADE CROSSING DEVICES
	FUND TOTAL		**13,000,000.00**	**9,706,234.25**	**80,000.00**	**22,706,234.25**	**11,936,013.98**	**2,071,731.12**	**8,618,489.15**	**37.96%**	**FUND TOTAL - 002**
3B9	8FB5	FEDERAL	10,000.00	0.00	0.00	10,000.00	0.00	0.00	10,000.00	100.00%	FEDERAL RAIL - SUBSIDY
	FUND TOTAL		**10,000.00**	**0.00**	**0.00**	**10,000.00**	**0.00**	**0.00**	**10,000.00**	**100.00%**	**FUND TOTAL - 3B9**
4N4	6FC9	OTHER	1,972,782.00	(37,870.00)	0.00	1,934,912.00	1,699,495.00	22,606.25	212,810.75	11.00%	RAIL TRAN - LOANS
4N4	6FD9	STATE	764,400.00	0.00	0.00	764,400.00	0.00	0.00	764,400.00	100.00%	PANHANDLE LEASE PAYMENT
4N4	6111	STATE	132,218.00	37,870.00	0.00	170,088.00	0.00	119,442.95	50,645.05	29.78%	PAYROLL(PROPERTY MGNT)
4N4	6112	STATE	6,500.00	0.00	0.00	6,500.00	0.00	2,170.00	4,330.00	66.62%	OHIO HUB WORKSHOP
	FUND TOTAL		**2,875,900.00**	**0.00**	**0.00**	**2,875,900.00**	**1,699,495.00**	**144,219.20**	**1,032,185.80**	**35.89%**	**TOTAL - OTHER ASSISTANCE**
5CF	6TL5	STATE	150,000.00	0.00	0.00	150,000.00	0.00	0.00	150,000.00	100.00%	COMMUNITY/RAILROAD GRANT
5CF	6TL7	STATE	250,000.00	0.00	0.00	250,000.00	200,000.00	0.00	50,000.00	20.00%	PRIVATE COMPANY GRANT
	FUND TOTAL		**400,000.00**	**0.00**	**0.00**	**400,000.00**	**200,000.00**	**0.00**	**200,000.00**	**50.00%**	**TOTAL - RAIL TRANSLOAD**
	GRAND TOTAL		**19,775,500.00**	**9,706,234.25**	**80,000.00**	**29,481,734.25**	**15,289,687.77**	**3,559,710.07**	**10,552,336.41**	**35.79%**	

ORDC - Loan Payback (Active Loans)
May 1, 2007

	Loans	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	Application, Loan, Interest & Admin. Fees	Total Payments
FY01 Walton Agri-Service **	$460,551	$6,863								*$46,174*	*$506,725*
FY01 BG Foundation **	$115,000	$1,698								*$12,640*	*$127,640*
FY01 Graves Lumber **	$26,000	$951								*$4,110*	*$30,110*
FY02 W&LE (Nickles Bakery) **	$265,500	$28,234								*$27,254*	*$292,754*
FY02 City of Jackson (Warehouse)**	$143,599	$15,660								*$16,989*	*$160,588*
FY02 City of Jackson (Rehab)**	$123,501	$17,469								*$21,719*	*$145,220*
FY03 Cloverleaf Cold Storage *	$328,000	$68,245	$33,662							*$14,900*	*$342,900*
FY03 Portage Cty Solid Wst Mgmt. *	$80,000	$16,206	$16,495	$16,495	$16,495	$9,622				*$3,279*	*$83,279*
FY04 Ann Arbor Railroad *	$768,736	$162,274	$162,274	$81,137						*$42,295*	*$811,031*
FY04 Columbiana County Port Authority *	$2,098,047	$261,513	$297,880	$296,039	$300,583	$305,126	$305,126	$305,126	$152,563	*$147,409*	*$2,245,455*
FY04 W&LE (Valley Line)*	$400,000	$10,680	$10,680	$408,900						*$57,277*	*$457,277*
FY04 Maumee & Western *	$199,088	$28,191	$29,392	$29,502	$29,502	$29,502	$17,209			*$8,460*	*$207,548*
FY05 Seneca-Sandusky-Tiffin Port Auth*	$290,000	$60,681	$61,217	$61,217	$61,217	$10,203				*$16,267*	*$306,267*
FY05 Ashland RW (Mansfield Yard Rehab)*	$500,000	$106,935	$106,935	$106,935	$106,935	$8,911				*$41,285*	*$541,285*
FY05 I&O (Fulton County Processing, Ltd)*	$242,335	$52,681	$52,681	$52,681	$52,681	$8,780				*$24,266*	*$266,601*
FY06 Portage County Rail Line (Smurfit Stone)*	$20,000	$4,348	$4,348	$4,348	$4,348	$2,174				*$2,489*	*$22,489*
FY06 Cleveland Commercial Railroad**	$16,421	$14,933								*$700*	*$17,121*
FY06 Shenandoah Valley Realty ***	$650,000	$97,500	$140,978	$144,637	$144,637	$144,637	$36,159			*$65,550*	*$715,550*
	$6,726,778	**$955,061**	**$916,542**	**$1,201,890**	**$716,396**	**$518,955**	**$358,494**	**$305,126**	**$152,563**	*$553,062*	*$7,279,840*

Loan Amount Received to Date: **$780,838**
Loan Balance Due: **$76,723**

* Loans Closed (Active)
** Loans Paid Off
***Loans in Process

ACCOMPLISHMENTS REPORT
PLANNING, PROJECT DEVELOPMENT, AND TRACK INSPECTION

March 20 to May 8, 2007

PLANNER	DEVELOPMENT SPECIALISTS
Don Damron	**Lou Jannazo**
	Bev Lee

TRACK INSPECTION

- Inspection trip/field survey of Gnadenhutten Plymouth Foam rail spur and Fulton RR transload projects on May agenda.
- Inspection trip/field trip to investigate potential future projects, i.e. Hydrodec oil re-refining spur in Canton, and rail – river bulk transload project in Bellaire.

ADMINISTRATIVE

- Helped prepare agendas and briefing packets for May 17, 2007 meeting.
- Developed grant agreements for projects approved at March meeting.
- Developed grant agreements for May meeting projects so that funds can be readily encumbered before end of the biennium if and when Commissioners approve them.
- Did grant agreement amendments to extend time for select projects and to reflect changes in scopes of work and termination dates.
- Did OEPA and Ohio Taxation background checks on March grant recipients.
- Prepared prospective project lists for budget hearing purposes; attended House hearing.

TRAINING

- Staff participated in event highlighting first 4 quad gate installation in Ohio to learn about it.

FREIGHT PROJECT DEVELOPMENT AND IMPLEMENTATION

New Project Development/Continued Project Development

- Continued work and investigations/development into various ongoing spur project proposals including Andersons-Marathon in Greenville, Poet Ethanol in Leipsic, and Plymouth Foam in Gnadenhutten.
- Began investigations into new spur projects including Hydrodec in Canton and a paper plant in Ashtabula.
- Working with Warren & Trumbull RR, Mahoning Valley Economic Development Corporation - MVEDC (owner of track W&TRR operates on) and Warren Steel Holding to develop funding to repair MVEDC line and provide needed on-site rail for Warren Steel to reopen closed steel mill.
- Continued pursuing new project investigations for various transload projects including Meigs County/Hobson on NS (project now dead), a stone terminal along the Hudson to Cuyahoga Falls line, and a new rail-river bulk transload in Bellaire.
- Developed the Fulton Railroad transload and Piney Fork Bridge Deck projects for May meeting.
- Continued investigating potential Rehabilitation Program project for the RJ Corman Dover Line.
- Continued to support Ohio Central Mt. Vernon to Newark rail line rehabilitation project by helping with crossing project development.
- Continued working with Akron Metro (line owner), US Rail (line operator), NS and CSX (potential connecting carriers), and others on efforts to reactivate the Cuyahoga Falls to Hudson rail line for stone, steel, and transload traffic.

- Continued working with W&LE (line owner), Ohi-Rail (line operator), Carroll County, rail line shippers, and others on getting the Robertsville Tunnel on the Carrollton Branch repaired. Tunnel repair project will probably be presented to Commission at July meeting.

PASSENGER PLANNING

Ohio Hub

- Developed several iterations and a final request to select Ohio Congressional leaders for a federal 80% funding appropriations earmark to be used for the Preliminary Environmental Impact Statement for most of the Ohio Hub. Wrote letters to Ohio Congressional delegation requesting support of earmark.
- Met with Lima and Ft. Wayne officials on promoting the Pittsburgh – Columbus – Lima – Ft. Wayne corridor with state and federal officials.
- Provided TEMS Staff and GEM comments on its global Economic Impacts draft report on the Ohio Hub.
- Continued coordination with GEM consultants working on the "local" Economic Impacts study of the Ohio Hub.
- Continued work and coordination with other states and railroads on Ohio Hub Study.
- Continued with various meetings and presentations on Ohio Hub plan.

Other Passenger Initiative

- Continued coordination with the MWRRI study effort.
- Continued supporting local efforts to develop stations and promote Ohio Hub, particularly in Cincinnati and Toledo.
- Kept abreast of passenger issues in across Ohio and nationally through participation in the States for Passenger Rail.
- Attended meetings on new effort to get commuter rail or light rail going between Lorain and Cleveland.
- Don Damron is part of MWRRI team working on the Scope of Work for a PEIS for the Midwest Regional Rail network.

OTHER PLANNING INITIATIVES

- Continued coordinating with ODOT on a new "Freight Railroad Bottleneck Study" by reviewing the final draft report and providing ODOT comments.
- Helping to evaluate possible new model for determining the public benefits of rail projects.

MISCELLANEOUS

- Helped local land developer evaluate potential to provide rail spur off Panhandle to industrial site.
- Helped Tuscarawas County officials with issues involving the Polar Express excursion trains it has historically run on the Panhandle.

Project Briefing
Ohi-Rail Corporation
Lease/Operation Agreement Renewal

ORDC received a letter from Ohi-Rail Corporation requesting a renewal of their lease/operation agreement with ORDC and also a request to change the term in the agreement from 1 year to 5 years.

Since 1982, Ohi-Rail has been operating the Piney Fork Rail Line and has provided rail services and maintenance on the Piney Fork under a lease/operation agreement.

Ohi-Rail states they are planning improvements (maintenance) to the Piney Fork line and the longer lease term would be helpful in order for their company to invest (maintenance and repairs) in the line.

Other changes in the lease agreement include notice on the right of first refusal provision. It is extended from a five day notice to a 30 day notice.

Ohi-Rail will pay the lease fee in a lump sum payment of $1,500 at the execution of the lease. The current lease expires on June 25, 2007.

Staff recommends Commission approval of this lease renewal.

LEASE/OPERATION AGREEMENT

BETWEEN

THE STATE OF OHIO,

OHIO RAIL DEVELOPMENT COMMISSION

AND

THE OHI-RAIL CORPORATION

JUNE, 2007

PINEY FORK LINE

OHIO RAIL DEVELOPMENT COMMISSION

LEASE

CONTROL NO. 2007-01

This is a lease of real property (the "Lease") between the State of Ohio, Ohio Rail Development Commission, 50 West Broad Street, Suite 1510, Columbus, Ohio 43215 (hereinafter referred to as "ORDC"), and the Ohi-Rail Corporation, P.O. Box 407, Richmond, Ohio 43944 (hereinafter referred to as "Lessee").

WHEREAS, pursuant to the provisions of Sections 4981.06(A) and 4981.08(A), the ORDC may lease rail property considered necessary by the ORDC for the operation of rail service; and

WHEREAS, Lessee applied to ORDC for a lease on the hereinafter described real property for the continuous operation of a rail freight and rail car storage business, which is described as follows:

DESCRIPTION:

Piney Fork Line

Line 1: Being that certain line of railroad situated in the County of Carroll, State of Ohio, and known as the Piney Fork Secondary Track of the Penn Central Railroad and being all the real property in the County lying, in, under, and above such line.

Commencing at Milepost 43.5, south of the City of Minerva in said County and running south to the Jefferson County line in Lee Township.

Line 2: Being that certain line of railroad situated in the County of Jefferson, State of Ohio, and known as the Piney Fork Secondary Track of the Penn Central Railroad and being all the rail property in the County lying in, under, and above such line.

Commencing the northern part of said County in Springfield Township, near the town of Bergholz, Harrison County line south of the town of Amsterdam; and re-entering Jefferson County in the western portion of Wayne Township.

Line 3: Being that certain line of railroad situated in the County of Jefferson, State of Ohio and known as the Wolf Run Branch of the Penn Central Railroad and being all the rail property in the county lying in, under, and above such line. Commencing at Milepost 0.0, at the junction of the Piney Fork mainline and running eastward to Milepost 3.8.

Line 4: Situated in the County of Carroll, State of Ohio and being the Cleveland and Pittsburgh Railroad Company's line of railroad known as the Penn Central Tuscarawas Secondary Track and being all the real property in, under, and above said line.

Being all that line of railroad above-mentioned commencing at the Stark County line near the City of Minerva and running westerly 1.6 miles to Milepost 4.3 west of the town of Peking.

Line 5: Situated in the County of Harrison, State of Ohio, and being the Penn Central Transportation Company's line of railroad known as the Piney Fork Secondary Track, and being all the real property in the county lying in, under, and above said line.

Such line enters and leaves the county in German Township, re-enters the county in Green Township and terminates at Milepost 77.5 near the town of Hopedale.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, ORDC hereby leases, lets and demises to Lessee the Leased Premises, subject to all legal highways, easements, restrictions of record, and zoning ordinances, under the following terms and conditions:

1. TERM:

This lease shall be for a period of five (5) years, commencing June 25, 2007, and expiring on June 25, 2012, unless otherwise terminated in accordance with the termination provisions herein.

2. RENEWAL OPTIONS:

If Lessee has complied with all the terms and conditions of this Lease, Lessee shall be entitled to one (1) successive renewal for a term of one (1) year upon the same terms and conditions set forth herein, except that the rent may be modified by the ORDC. Renewal may be exercised by Lessee mailing written notice to the ORDC at least sixty (60) days prior to the expiration of the original term.

3. CONSIDERATION:

Lessee shall pay as rent for the Leased Premises the sum of ONE THOUSAND TWO HUNDRED FIFTY DOLLARS ($1,250.00), and the sum of TWO HUNDRED FIFTY DOLLARS ($250.00) as further consideration for the ORDC giving the Lessee the Right of First Refusal (as hereinafter defined), payment being due upon the execution of this Lease. Payment shall be made payable to Treasurer, State of Ohio, and delivered to the ORDC pursuant to the notice provisions of this Lease.

4. RIGHT OF FIRST REFUSAL TO PURCHASE LEASED PREMISES:

A. If, during the term of this Lease, ORDC receives and desires to accept or desires to make any bona fide offer (an "Offer") for the sale of the Leased Premises in whole or in part, ORDC shall notify Lessee in writing of each Offer. This notice (the "Notice of Offer") shall contain a copy of the Offer and all other terms and conditions applicable to the Offer. The whole or that part of the Leased Premises to which the Offer applies is referred to as the "Offer Leased Premises." Lessee shall have the right to purchase ("Right of First Refusal") the Offer Leased Premises at the purchase price set forth in the Offer. Lessee shall exercise its Right of First Refusal, if at all, by giving written notice of exercise to ORDC no later than the date thirty (30) days after Lessee's receipt of the Notice of Offer.

B. If Lessee does not exercise the Right of First Refusal in regard to an Offer of which it has been given notice in accordance with Section A above, and if within ninety (90) days after the date of the Notice of Offer, the Offer Leased Premises are conveyed in accordance with the Offer, Lessee's Right of First Refusal shall terminate with respect to the Offer Leased Premises, so sold and conveyed, PROVIDED THAT:

(i) the Right of First Refusal shall remain in effect with respect to the balance of the leased Premises, if any, not conveyed pursuant to the Offer;

(ii) once an Offer of which ORDC has given Lessee notice is accepted by ORDC, ORDC shall not agree to a reduction of the purchase price, more favorable terms or any change in the nature or amount of the consideration to be given in exchange for the Offer Leased Premises without first given Lessee notice of the reduction, more favorable term or change, and upon receipt of that notice, Lessee shall again, in accordance with the provisions of Section A above, have the Right of First Refusal to purchase the Offer Leased Premises at the new price and new terms; and

iii) if any Offer is not accepted by ORDC or if the Offer Leased Premises are not conveyed in accordance with the accepted Offer within sixty (60) days after the date Lessee received the Notice of Offer, then Lessee's Right of First Refusal shall be applicable to the Offer Leased Premises and to any subsequent Offer received by ORDC with respect to the Leased Premises or any part thereof during the term of this Lease. Nothing contained in this Section concerning either the termination of Lessee's Right of First Refusal or Lessee's failure to exercise the same shall in any way affect any of Lessee's other rights and privileges under this Lease. Upon request of ORDC, Lessee shall furnish to ORDC or the purchaser of the Offer Leased Premises an affidavit in recordable form stating the extent to which Lessee's Right of First Refusal has terminated in accordance with this Section and setting forth such other matters as Lessee shall deem necessary or appropriate.

C. (i) At the closing of the purchase of the Offer Leased Premises pursuant to Lessee's exercise of the Right of First Refusal, ORDC shall deliver its transferable and recordable quitclaim deed conveying to Lessee title to the Offer Leased Premises. Real estate taxes and

assessments, the rentals under this Lease (to the extent applicable to the Offer Leased Premises), and all other income and expenses of the Offer Leased Premises shall be prorated as of the date of closing.

ii) The closing for the payment of the purchase price and for delivery of ORDC's deed shall be held at a place in Columbus, Ohio, and at a time mutually agreed to by the parties within sixty (60) days after the date that Lessee exercises its Right of First Refusal.

5. USE:

Lessee shall use and occupy the Leased Premises for the continuous operation of a rail freight and rail car storage business unless otherwise permitted by the advance written consent of ORDC. Lessee agrees not to permit the Leased Premises to be used for any purpose inconsistent with any local, state, or federal laws or regulations, and shall be liable for any and all damages consequent upon such violation and subsequent cancellation of this Lease under the default provision therein.

Lessee may construct and maintain, upon prior written consent by ORDC, any structures or other improvements Lessee considers appropriate to carry out the purpose set forth herein. Any structures or other improvements placed on the Leased Premises by Lessee during the term of this Lease shall be at Lessee's expense.

Lessee shall cause the improvements to be completed free and clear of any liens, claims or mechanic's liens against the Leased Premises or the improvements, and Lessee shall defend, indemnify and hold ORDC harmless from any such claims or mechanic's liens and or any expenses incurred in connection therewith including but not limited to damages, interest, court costs and reasonable attorney fees.

Should a claim adverse to ORDC's title be asserted and/or proved, no recourse shall be had against ORDC by Lessee. This Lease is made subject to all prior leases or grants on any portion of the Leased Premises, and to the renewal thereof. ORDC also reserves the right to grant utility easements or leases in, on, under or across the Leased Premises.

6. MAINTENANCE/REPAIRS:

Lessee shall maintain the Leased Premises to a minimum of Federal Railroad Administration Class I standards, in good order and safe condition, and not commit or suffer waste on the Leased Premises. Lessee shall not deposit any debris on the adjacent real estate nor do anything that would interfere with the maintenance of any part of the adjacent real estate.

The Lessee has inspected and accepts the Leased Premises in their present condition and agrees that no representations or warranties with regard to condition and fitness for use of the premises have been made that are not specifically expressed herein.

Any costs or expenses incurred by Lessee for the maintenance of or repairs undertaken on the Leased Premises during the term of this Lease shall be the sole obligation of Lessee.

Lessee by the acceptance of this Lease, does hereby accept all existing and prospective responsibility for removal and/or restoration costs for any and all railroad bridges and grade crossings and their appurtenances that may be located on the Leased Premises conveyed to the said Lessee; and Lessee further covenants and agrees that it will also assume any obligation and/or responsibility as may have been or may hereafter be imposed on ORDC by any Public Utility Commission or any other governmental agency having jurisdiction for any and all bridge structures and grade crossings and their appurtenances, including but not limited to the removal, repairing or restoration of same in accordance with the requirements of said Commission or other governmental agency; and Lessee further agrees to indemnify, defend and hold ORDC harmless against all costs, penalties, expenses, obligations, responsibility and requirements associated with said bridge structures and grade crossings and their appurtenances.

7. ACCESS:

ORDC may have access to the Leased Premises at all reasonable times and in a manner which does not unduly interfere with Lessee's use of the Leased Premises, to make such changes and improvements as ORDC may deem necessary, and to determine whether Lessee is complying with the terms of this Lease.

8. ASSIGNMENT/SUBLETTING:

Lessee shall not assign this Lease or sublet the Leased Premises or any part thereof without the prior written consent of the ORDC. Any assignment or transfer or merger, consolidation, operation of law or proceeding in equity, bankruptcy, insolvency or reorganization, or any transfer of any controlling interest of the Lessee's stock to persons not now in control, shall be deemed to be an assignment within the meaning of this provision and shall be sufficient cause for immediate termination of this Lease.

9. TERMINATION:

ORDC and Lessee agree that this Lease shall terminate at the conclusion of the term (Article 1), provided Lessee does not renew the Lease in accordance with Article 2 of this Lease. The parties further agree that ORDC may terminate this Lease upon Lessee's failure to comply with any material, term, condition or covenant of this Lease in accordance with Article 10 of this Agreement. Further, ORDC may terminate the Lease in the event that Lessee does not timely exercise its option of purchase when called upon to do so by ORDC.

The Lessee shall remove any buildings, structures or improvements constructed by the Lessee on the Leased Premises on or before the expiration or termination of this Lease, or that title to same will be transferred to the State of Ohio if the State so requests.

The Lessee further agrees upon the expiration or other termination of this Lease to peaceably quit and deliver possession of the premises to ORDC in as good order and condition as the premises now are, or may be put by the ORDC, reasonable use and natural wear and tear expected.

10. DEFAULT:

If Lessee breaches or defaults on any of the terms or condition of this Lease, and if that breach or default is not remedied within thirty (30) days after written notification by ORDC of that Breach or default, ORDC may terminate this Lease. Lessee shall have thirty (30) days from the date on the written notice of termination, to remove all personal property and movable fixtures placed on the Leased Premises by Lessee, and to restore the Leased Premises to a condition satisfactory to the ORDC. Lessee shall then surrender possession to ORDC. If such removals and restoration are not effected within the specified time, ORDC may elect to restore the Leased Premises at Lessee's expense.

11. LIABILITY:

Lessee shall indemnify and hold harmless ORDC from and against any and all claims, demands, damages, actions, or causes of action, together with any and all losses, costs, or related expenses asserted by any person or persons for bodily injury, death, or property damage ensuing from Lessee's occupation or use of any portion of the Leased Premises.

During the term of this Lease (including successive terms per Section 2), Lessee shall at its sole cost and expense carry and maintain a broad form policy of property insurance including fire, extended coverage, vandalism and malicious mischief insuring all additions, alterations and improvements for replacement cost and insuring all personal and real property subject to this Lease in the amount of 100% of the insurable value.

Such policy of insurance shall designate as an additional named insured the "ORDC, as its interest may appear" and shall bear an endorsement to the effect that the insurer agrees to notify the ORDC in writing not less than thirty (30) days in advance of cancellation, nonrenewal, or decrease in coverage. Such policy of insurance shall be issued by an insurance company licensed by the State of Ohio and shall be in a form acceptable to the ORDC. Upon the execution of this Lease, Lessee shall deposit with the ORDC a certificate of evidence of such policy of insurance.
The following special clause shall be made a part of such policy of insurance:

> "As it applies to the interest of the ORDC, this insurance shall not be affected by any of the following:
>
> (a) any act or neglect of Lessee;

(b) use of the Leased Premises for purposes more hazardous than are permitted by this policy;

(c) failure of Lessee to comply with any warranty or condition contained in any endorsement attached to this policy.

In the event payment is made to the ORDC and such payment is necessitated by this clause but would not otherwise be payable, the Company may subrogate against Lessee."

During the term of this Lease, Lessee at its sole cost and expense shall carry and maintain a policy of Comprehensive General Liability with the broad form endorsement against claims for bodily injury, personal injury, wrongful death and property damage coverage together with all costs of defense.

Said policy shall designate as an additional named insured the State of Ohio as its interest may appear. The policy limits shall be no less than the following:

Bodily Injury	$1,000,000 per person	$5,000,000 per occurrence
Property Damage	$1,000,000 per occurrence	$5,000,000 aggregate

Upon the execution of this Lease, a copy of the insurance policy shall be deposited with and is subject to the approval of the ORDC. Said policy shall contain a clause providing that thirty (30) days advance written notice of cancellation, nonrenewal, or decrease in coverage shall be given to the ORDC.

12. TAXES:

Lessee shall be responsible for any federal, state and/or local taxes and assessments levied against ORDC resulting from this Lease of the Leased Premises. Lessee shall pay the same directly to the taxing or assessing authority before becoming delinquent and notify the ORDC in writing that the obligations have been met. It is expressly agreed that Lessee is not responsible to pay prior financial obligations incurred by any previous use or operation of the Leased Premises by a party other than the Lessee.

Lessee further agrees to purchase a guaranty or surety bond in the amount of Twenty-five Thousand Dollars ($25,000) payable to the ORDC in the event that Lessee fails to make payment of all real estate taxes and other taxes and assessments, including without limitation liens of any type, within ninety (90) days from the date the obligation became due. Further, the guaranty or surety bond shall become payable to ORDC in the event Lessee destroys or causes to be removed from the premises any permanent fixtures. Lessee shall furnish a copy of the guaranty or surety bond to the ORDC upon the execution date of this Lease.

13. QUIET ENJOYMENT:

ORDC covenants that if, and so long as, Lessee pays the rent when due and performs the covenants hereof, Lessee may quietly occupy the premises, during the term, without any hindrance by the ORDC or any person or persons lawfully claiming under the ORDC. The ORDC will not warrant and defend against any claim asserted by any other person or entity.

14. REPRESENTATIVES/AGENTS:

Where this Lease refers to either the ORDC or Lessee, those terms shall include the agents, employees, or other authorized representatives of each party.

15. NOTICES:

All notices, demands, requests, consents, approvals and other instruments required or permitted to be given pursuant to the terms of this Lease shall be in writing and shall be deemed to have been properly given when hand-delivered or sent by U.S. registered or certified mail, postage paid, to the addresses set forth hereunder or to such other address as the other party hereto may designate in written notice transmitted in accordance with this provision:

(a) with respect to ORDC, addressed to:

Executive Director
Ohio Rail Development Commission
50 West Broad Street, Suite 1510
Columbus, Ohio 43215

(b) with respect to Lessee, addressed to:

Teresa Schiappa
President
Ohi-Rail Corporation
P.O. Box 728
Steubenville, Ohio 43952

16. LEGAL COMPLIANCE:

Lessee shall comply with any applicable statutes, ordinance, orders, rules or regulations issued by federal, state or local authorities relating to the Lessee's use and occupancy of the Leased Premises.

17. EEO REQUIREMENTS:

In the hiring of employees for the performance of work on the Leased Premises under any contract or any subcontract, Lessee, contractor or subcontractor shall not, by reason of race, color, religion, sex, age, handicap, national origin, or ancestry, discriminate against any citizen of this State in the employment of a person qualified and available to perform the work to which the contract relates. Lessee, contractor, subcontractor, or any person acting on behalf of Lessee or any contractor or subcontractor shall not, in any manner, discriminate against, intimidate, or retaliate against any employee hired for the performance of work on the Leased Premises on account of race, color, religion, sex, age, handicap, national origin, or ancestry.

18. FINANCIAL AND INFORMATION REPORTS:

Lessee shall, within sixty (60) days after the end of its fiscal year for this term and any subsequent term of this Lease, provide ORDC with a financial report prepared by a Certified Public Accountant of Lessee's financial status, including balance sheets and rail car loading data. Lessee shall timely respond to ORDC's request for relevant information and data concerning Lessee's railroad operation and its use of the Leased Premises.

19. UTILITIES:

Lessee, at its sole cost and expense, shall arrange for, obtain, and be responsible for the payment of any necessary water, electricity and other utility services required for its use. ORDC shall not be liable for any temporary suspension of any such services.

20. CERTIFICATE OF LESSEE:

Lessee agrees to obtain all necessary Federal Certificates of Service or Operation prior to the execution of this Lease. Said certificates shall be retained in good standing throughout this term or renewal of this Lease. No less than sixty (60) days prior to the termination of this Lease, Lessee shall give notice to all appropriate federal, state, and local governmental agencies and timely relinquish all documents including its Certificate of Service or Operation.

21. LESSEE'S OFFICERS:

Lessee shall file a certified list of Lessee's Officers with the ORDC upon the execution of this Lease.

22. SURCHARGE:

Lessee shall have the right, with the prior written approval of the ORDC, to impose freight surcharges on originating or terminating traffic.

23. LAW, FORUM AND VENUE:

This Lease shall be construed under and in accordance with the laws of the State of Ohio. Any action or proceeding against any of the parties hereto relating in any way to this Lease or the subject matter hereof shall be brought and enforced exclusively in a competent court of Franklin County, Ohio, and the parties hereto consent to the exclusive jurisdiction of such court in respect of any such action or proceeding.

24. SEPARABILITY OF PROVISIONS:

In case any one or more of the provisions contained in this Lease shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision thereof and this Lease shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

25. ENTIRE AGREEMENT:

This Lease constitutes the sole and only agreement of the parties hereto and supersedes any prior understandings or written or oral agreements between the parties respecting the within subject matter.

26. AMENDMENT:

No amendment, modification, or alteration of the terms hereof shall be binding unless the same be in writing, dated subsequent to the date hereof, and duly executed by the parties hereto.

27. WAIVER:

No waiver by the parties hereto of any default or breach of any term, condition, or covenant of this Lease shall be deemed to be a waiver of any other breach of the same or any other term, condition, or covenant contained herein.

28. SURVIVAL:

The representations, warranties, covenants, indemnities and agreements of the parties contained in this Lease shall survive the expiration or termination of the term of this Lease and shall be and continue in effect notwithstanding the fact that Lessee may waive compliance with any of the other provisions of this Lease.

29. HEADINGS:

The headings to the various provisions to this Lease have been inserted for reference only and shall not to any extent have the effect of modifying, amending or changing the express terms, provisions and conditions of this Lease.

30. MULTIPLE COUNTERPARTS:

This Lease may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their duly authorized representatives as of the date written below.

OHIO RAIL DEVELOPMENT COMMISSION

By: _____
Matthew Dietrich
Acting Executive Director

_____
Date

OHI-RAIL CORPORATION

By: _____
Authorized Signature

_____
(Print Name)

_____
(Title)

_____
(Date)

RESOLUTION 07-05

Re: Authorizing Ohio Rail Development Commission to enter into a five year lease with the Ohi-Rail Corporation concerning the Piney Fork Rail Line

A RESOLUTION TO AUTHORIZE ORDC TO ENTER INTO A LEASE UNDER CHAPTER 4981 OF THE OHIO REVISED CODE.

WHEREAS, this Commission as the Ohio Rail Development Commission ("ORDC") created by Chapter 4981 of the Ohio Revised Code, has the authority pursuant to Revised Code Section 4981.08(A) to lease any rail property in which it has an interest for the continuation and operation of rail service; and

WHEREAS, the ORDC is authorized by ORC 4981, Sections .14 (9) and (18) to exercise all powers necessary or appropriate to carry out its corporate purposes including the authority to make and enter all agreements necessary to the performance of its duties and the execution of its powers; and

WHEREAS, ORDC has leased the Piney Fork Rail Line to the Ohi-Rail Corporation for the past 25 years; and

WHEREAS, the ORDC now desires to enter into a new lease Ohi-Rail Corporation for the period of July 1, 2007 thru June 30, 2012.

NOW, THEREFORE, BE IT RESOLVED that the ORDC hereby authorizes its acting executive director, Matthew Dietrich, and staff to exercise all powers necessary or appropriate to enter into a lease of the Piney Fork Rail Line with the Ohi Rail Corporation in a form substantially similar to the form attached hereto as Exhibit A and incorporated as if fully rewritten herein.

Moved By _____
Seconded By _____

Upon roll call, the vote resulted as follows:

James E. Betts, Chair	____	yes	____	no	____	absent	____	abstained	____ Recused
Howard Wood for James G. Beasley	____	yes	____	no	____	absent	____	abstained	____ Recused
Barbara Hammontree Bennett	____	yes	____	no	____	absent	____	abstained	____ Recused
Kimberly Gibson for Lt. Gov. Fisher	____	yes	____	no	____	absent	____	abstained	____ Recused
Solomon Jackson	____	yes	____	no	____	absent	____	abstained	____ Recused
Thomas McOwen	____	yes	____	no	____	absent	____	abstained	____ Recused
Larry Sowers	____	yes	____	no	____	absent	____	abstained	____ Recused
Herk Wolfe	____	yes	____	no	____	absent	____	abstained	____ Recused
Dan Roberts	____	yes	____	no	____	absent	____	abstained	____ Recused
Jim Hartung	____	yes	____	no	____	absent	____	abstained	____ Recused

ORDC ACTION: Motion approved ____ Motion denied ____ Other action _____ Date 5/17/07

CERTIFICATE

I, the undersigned Chairman of the ORDC, hereby certify that the foregoing is a true and correct record of the resolution of said ORDC.

_____	5/17/07
James E. Betts, Chairman	Date

PROJECT BRIEFING
Panhandle Operating Agreement Renewal
July 2007 – June 2012

May 17, 2007

INTRODUCTION

As discussed at the March 30, 2007 Commission meeting, attached to this briefing is the proposed Panhandle Operating Agreement for the time period July 2007 through June 2012.

BACKGROUND / PROJECT DESCRIPTION

This operating agreement is a continuation of the series of five (5) year agreements that were established with the acquisition of the Panhandle Rail Line through the issuance of the 1992 Series Certificates of Participation. The C&OR has been the operator of the Panhandle Rail line since 1992. For the 1997 to 2002 agreement, the ORDC conducted a competitive selection of the operator which resulted in a lengthy and costly lawsuit. In the end C&OR continued as the operator. In 2002, ORDC renewed C&OR's Operating Agreement providing the C&OR with operating rights for another 5 years. The renewal was based on the C&OR meeting each and every requirement for effective operation of the Panhandle line specified in the 1997 - 2002 Operating Agreement. Requirements included shipper satisfaction, financial stability, effective maintenance of track, and other related factors. Staff has performed the requisite analysis and the C&OR has met the requirements of the current operating agreement in the opinion of staff.

There are a few minor changes in this operating agreement that I have recommended and the C&OR has accepted based on the past experiences.

- Elimination of the un-audited financial statement requirement in Section 8
- Removed the requirements that FRA Class of Track must be achieved with in a set time period of the agreement. The change requires the FRA Class of track to be maintained for the life of the agreement.
- Removed references to Exhibit D, a five year Engineering Plan and Budget. The C&OR is already required to provide an annual Engineering Plan and Budget.
- Extended the reporting dates to March 15 and April 15. This extension should eliminate the continued need to grant extensions.

STAFF RECOMMENDATIONS/CONTINGENCIES

Staff recommends Commission approval of this agreement described herein.

OPERATING AGREEMENT

BETWEEN

THE STATE OF OHIO,

OHIO RAIL DEVELOPMENT COMMISSION

and

THE COLUMBUS & OHIO RIVER RAIL ROAD

COMPANY

for the

PANHANDLE RAIL LINE

JUNE 2007

AGREEMENT

This Agreement, made this _____ day of _____, 2007 by and between the STATE OF OHIO, OHIO RAIL DEVELOPMENT COMMISSION, hereinafter referred to as "ORDC", with principal offices at 50 West Broad Street, Suite 1510, Columbus, Ohio; 43215; and THE COLUMBUS & OHIO RIVER RAIL ROAD COMPANY, hereinafter referred to as the "C&OR" with principal offices at 47849 Papermill Road, Coshocton, Ohio; 43812

WITNESSETH

WHEREAS, this Commission as the Ohio Rail Development Commission ("ORDC") created by Chapter 4981 of the Ohio Revised Code, has the authority to lease any real property in which it has an interest for the continuation and operation of rail service; and

WHEREAS, the ORDC is authorized by Chapter 4981 to exercise all powers necessary or appropriate to carry out its corporate purposes including the authority to make and enter all agreements necessary to the performance of its duties and the execution of its powers; and

WHEREAS, on June 5, 2002, the ORDC entered into an Operating Agreement with the C&OR for the operation of the Panhandle Rail Line ("Panhandle") which expires on June 30, 2007; and

WHEREAS, in accordance with Article 6 E (7) of the Operating Agreement, the ORDC now desires to enter into a new Operating Agreement with C & OR.

NOW, THEREFORE, in consideration of the mutual promises contained herein, the parties hereto, with the intention of being bound, hereby agree as follows:

ARTICLE 1 - DEFINITIONS

As used in this Agreement.

A) "Agreement" means the terms and conditions as agreed by and between The Ohio Rail Development Commission (ORDC) and The Columbus & Ohio River Rail Road Company (C&OR) for the sole purpose of the C&OR operating the Rail Property as set forth herein.

B) "Director" means the Executive Director of the Ohio Rail Development Commission.

C) "Lease" means the lease agreement by and between CAPRAIL I, INC. and State of Ohio, Ohio Department of Transportation, of which the Ohio Rail Development Commission is a successor agency per Ohio Revised Code (O.R.C.) 4981.03.

D) "Panhandle Mainline" means the so called Weirton Secondary track situated between Milepost 157.8 at Newark, Ohio, and Milepost 49.5 at the east side of Gould's Tunnel and the so called C&N (Columbus & Newark) track between Milepost 191.0 at Columbus and Milepost 157.8 at Newark, containing a total of 141.50 route miles of railroad line. These Panhandle Mainlines are shown in Exhibit "A", the track charts for the Panhandle Mainlines, herein attached.

E) "Panhandle Branchline" means any and all side tracks including the Cadiz Running Track situated between Milepost 0.0 at Cadiz Junction to Milepost 12.8 at the Georgetown Mine; the Hebron Industrial Track between Milepost 133.0 at Hebron and Milepost 138.5 at Heath, Ohio; and the Trinway Secondary Track situated between Milepost 0.3 at its connection to the Panhandle main line, and Milepost 1.43 at Trinway, Ohio, containing a total of 19.43 route miles of road line. These Panhandle Branchlines are shown in Exhibit "B", the track charts for the Panhandle Branchlines, herein attached.

F) "Purchase and Sale Agreement" means the agreement by which Conrail agreed to sell the Rail Property (hereinafter defined) to the C&OR, which the C&OR subsequently assigned to Caprail I, a copy of which agreement is on file at the offices of ORDC.

G) "Rail Property" means Panhandle Mainlines, Panhandle Branchlines and all property conveyed by Conrail to Caprail I in 1992 via the Purchase and Sale Agreement.

ARTICLE 2 - THE RAIL PROPERTY

The Rail Property which is to be operated by the C&OR is that on the Panhandle Mainlines and Panhandle Branchlines and all property conveyed by Conrail in the Purchase and Sale Agreement.

ARTICLE 3 - COMMON CARRIER

Throughout the term hereof, C&OR shall have, and hereby assumes, full right and responsibility to provide common carrier rail service on the Rail Property, and to use and manage the Rail Property for all purposes consistent with the duties, rights, obligations and responsibilities of a rail carrier under the jurisdiction of the Surface Transportation Board, the Federal Railroad Administration, and other governing bodies or laws. Such rights shall include, but shall not be limited to, all rights of a rail carrier under the Revised Interstate Commerce Act, 49 United States Code (U.S.C). S10101, et seq. and the Interstate Commerce Commission Termination Act (Public Law 104-88,109 Stat. 803). ORDC shall not undertake, and, subject to the terms of this Agreement, hereby waives any right it otherwise may have, to conduct or hold itself out to conduct common carrier rail operations on the Rail Property, for the term of this Agreement. Subject to the provisions of this Agreement, ORDC shall provide C&OR with quiet enjoyment of the Rail Property throughout the term of this Agreement.

ARTICLE 4 - NON-EXCLUSIVE OPERATIONS

A) This Agreement does not convey to C&OR exclusive rights to use the Rail Property. ORDC, in its sole discretion, may grant to other rail carrier(s) the right to jointly use on all, or any portion of, the Rail Property as provided in this Article 4 and as stated below.

1) ORDC may grant joint use access to another rail carrier if C&OR has petitioned the Surface Transportation Board (STB) for authority to abandon or discontinue operations over all, or any portion of the Rail Property, or has ceased to provide common carrier rail service over all, or a portion of the Rail Property for a period of six consecutive months, other than pursuant to a lawful embargo; or because of lack of demand for service; or

2) ORDC may grant other rail carrier(s) limited access to jointly use any portion of the Rail Property, if such other carrier:

(i) agrees in writing to indemnify C&OR and hold it harmless against any and all liability arising in any way whatsoever from the other carrier(s) use of the Rail Property, except that of normal track wear and tear which shall be addressed in part (iv) below;

(ii) is an existing rail carrier or, if newly created, can demonstrate its financial and operational capabilities to competently operate a railroad (which determination will be solely within the discretion of ORDC);

(iii) agrees that at all times, the operations of the other rail carrier(s) shall be conducted in a manner which does not unduly interfere with the C&OR's operations and shall be in compliance with all dispatching orders, operating rules, directives and schedules of the C&OR;

(iv) agrees to pay a users fee or trackage rights charge to the C&OR of not less than thirty point four nine cents ($0.3215) per car mile for movement of any locomotive or car, loaded or empty, subject to annual escalation from July 1, 2007, based upon the Rail Cost Adjustment Factor, Unadjusted, published by the Association of American Railroads for the normal wear and tear on Rail Property track and other purposes.

B) In the event other rail carrier(s) agrees to meet and comply with sections (A)(2), (i),(ii), (iii), and (iv) above, the C&OR will make reasonable good faith efforts to accommodate the other carrier(s) operational requests.

C) Any other provision of this Article notwithstanding, the joint use appropriate exemption or operations over the Rail Property by any carrier other than C&OR shall be subject to such prior approval of the STB or other governmental bodies with jurisdiction over the premises as may be required under otherwise applicable law.

D) Any other provision of this Article notwithstanding, ORDC shall in no event grant any rail carrier other than C&OR the right to jointly use or operate over the Rail Property during the term of this Agreement pursuant to the above provisions for the purpose of (1) providing transportation service of any kind to an Existing Rail User: or (2) transporting traffic that is the subject of a valid contract between the C&OR and a shipper. For purpose of this Agreement, "Existing Rail User" is defined as any shipper presently located along the Rail Property that shipped or received a rail car or cars via the C&OR over the Rail Property at any time during the three years prior to the execution of this Agreement.

E) Nothing in this Article shall be construed as permitting ORDC to grant any carrier the right to operate over any line of railroad other than the Rail Property, except as stipulated herein in Article 5, "ORDC Rights on Contiguous Lines/Right of First Refusal."

F) The procedure by which ORDC will determine whether to grant limited operating rights under the above provisions to a rail carrier other than the C&OR pursuant to this Article shall be as follows:

1) Upon receipt of a written request for limited rights to jointly use any portion of the Rail Property under provision of (2)(ii) above, ORDC will provide a copy of the request to the C&OR.

2) Within forty-five (45) days after receipt of the request, the C&OR shall (i) provide ORDC and the requesting railroad with a written explanation of the terms and conditions that will apply to the requesting railroad's operations over the Rail Property, consistent with this Article; and (ii) at the C&OR's option, provide ORDC with a confidential proposal of terms, including, where appropriate, rates or division of rates under which the C&OR would agree to provide the service proposed to be provided by the requesting railroad.

3) If the requesting railroad objects to terms or conditions provided by the C&OR under Paragraph 2(i), above, it shall so inform ORDC and promptly thereafter ORDC shall confer with the C&OR with respect to the establishment of revised terms and conditions. If the C&OR and ORDC have not agreed upon such revised terms or conditions within thirty (30) days after the requesting railroad's notice hereunder, then subject to Paragraph 5, below, ORDC may determine the revised terms and conditions that will apply.

4) In making its determination whether to grant limited rights to jointly use rail facilities to a requesting railroad under subsection (2)(ii) of this Article, ORDC shall at a minimum consider the following:

(i) The impact that granting joint rights would have on the C&OR's ability to continue to operate profitably.

(ii) The comparative efficiency and value to the shipping public of any proposal submitted by the C&OR under Paragraph 2(ii), above.

(iii) Whether the fee to be paid to the C&OR under Part A(2)(iv) of this Article is adequate to cover any increase in the cost of maintaining the Rail Property resulting from a granting of joint rights.

(iv) Any increase in operating costs that would be incurred by the C&OR as a result of accommodating the requesting railroad's operations.

(v) Whether and on what terms the requesting railroad will agree to grant the C&OR or its affiliates rights to operate over the requesting railroad's lines.

(vi) The impact that the requesting railroad's operations over the Rail Property would have on the quality of transportation service available to the public, including shippers that would continue to be served by the C&OR.

5) Any other provision of this Agreement notwithstanding, and subject to any necessary regulatory approval, in the event that ORDC grants joint rights to another rail carrier under this Article 4 over the C&OR's objection, the C&OR shall have the right to terminate this Agreement without further obligation to ORDC, except for the duty to facilitate the orderly change in service from the C&OR to another carrier, and cease to operate over the Panhandle, upon one hundred eighty (180) days prior written notice to ORDC.

6) Any grant of joint rights to another rail carrier under this Article shall be a matter of agreement exclusively between ORDC and such other rail carrier, which shall be solely responsible for procuring any regulatory approvals necessary for the exercise of such joint rights. No privity of contract shall be deemed to exist between the C&OR and a rail carrier granted joint rights by ORDC under this Article with respect to such rights, or any claims or liability that may arise thereunder or in connection therewith. C&OR agrees, however, that C&OR shall fully cooperate as needed with ORDC before the Surface Transportation Board, and/or any other federal or state entity with jurisdiction over the granting of joint rights, to provide any C&OR filings or documentation which is required for ORDC to provide joint rights as described in this Article.

G) ORDC shall retain the absolute right to grant joint rights to railroads other than the C&OR under the terms and conditions of this Article.

ARTICLE 5 - ORDC RIGHTS ON CONTIGUOUS LINES/RIGHT OF FIRST REFUSAL

A) The C&OR currently owns and operates a rail line which connects to the western most end of the Rail Property at approximately Mile Post 191 in Columbus, and which connects to CSX Transportation and Norfolk Southern at CP 138 in Columbus (hereinafter known as the Neilston Connector); and may in the future own, lease, or otherwise control and operate a rail line from MP P-49.5 at Gould Tunnel east to a connection with Norfolk Southern in Mingo Junction (hereinafter the Mingo Connector).

B) The C&OR acknowledges that it may be necessary for trains to move over the Neilston Connector or the Mingo Connector to connect the Rail Property with CSX Transportation and Norfolk Southern or successor railroads at Columbus or at Mingo Junction. The C&OR therefore agrees that in the event the ORDC grants joint rights over the Rail Property to another rail carrier in accordance with Article 4 hereof, and this Agreement remains in effect, the C&OR will enter into an appropriate interchange access agreement with such other carrier allowing the carrier direct access to interchange of traffic with CSX Transportation and Norfolk Southern or their successors at Columbus or Mingo Junction. The terms of such agreement shall be negotiated by the C&OR with the tenant rail carrier; provided, however, that the C&OR shall not require compensation or terms for use of the Connection Tracks that exceed the level of compensation or terms determined in accordance with Article 4, "Non Exclusive Operations" of this Agreement.

C) In the event the C&OR, or a related entity, decides to sell or abandon either the Neilston Connector or the Mingo Connector (in the event that C&OR, or a related entity, has acquired the latter), the C&OR, or a related entity, shall first offer the ORDC the opportunity to purchase the Neilston Connector and/or the Mingo Connector for Fair Market Value. In the event this Agreement expires or is terminated and the C&OR, or a related entity, no longer conducts rail freight operations over the Rail Property, the C&OR, or a related entity, shall agree to sell to ORDC and ORDC reserves the right to purchase from the C&OR, or a related entity, the Neilston Connector and/or the Mingo Connector for Fair Market Value.

ARTICLE 6 - TERM

A) The term of this Agreement shall commence on July 1, 2007 and shall continue until June 30, 2012. ORDC retains, however, the right to terminate this Agreement at its discretion.

B) It is ORDC's intent, but not obligation, to maintain this Agreement for the full term of this Agreement.

C) ORDC's obligations under this Article 6, "Term", are subject to and may be limited or excused pursuant to the terms of Article 30, "Limitations".

D) Notwithstanding, any of the foregoing provisions of this Article 6 "Term" to the contrary ORDC's ability to maintain this Agreement, or to enter into subsequent Agreements, is subject to and dependent on, among other things, the Ohio legislature duly and validly authorizing the appropriations necessary for ORDC to continue to perform its obligations under the Lease during each successive biennial budget period.

E) Nothing in this Article shall be construed to extend this Agreement beyond the term described in this Article. However, ORDC recognizes that C&OR's performance under this Agreement shall be the determining factor in the methodology which the ORDC employs to choose the contract operator for the Rail Property for the period of time from July, 2012 to June, 2017. ORDC and C&OR hereby establish the following performance standards for the C&OR for the duration of this Agreement:

1) Shipper Satisfaction: In or about July, 2011, ORDC shall conduct a survey using the survey form herein included as Exhibit "C" of twenty rail users on the Rail Property including the ten (10) most active rail users plus ten (10) others selected at random. ORDC shall deem the performance of the C&OR to be satisfactory in this category if ninety percent (90%) of responses or more are in the "3", "4", or "5" classifications.

2) Safety: In or about July, 2011, ORDC shall contact the Federal Railroad Administration (FRA) to determine the C&OR's safety performance for the previous four year period for the three categories below. ORDC shall deem the C&OR's performance to be satisfactory if the corresponding average annual performance standards are met or exceeded.

Categories	Performance Standard
- FRA Incidents Ratio	Lower Than Class I Average
- Employee Injury Ratio	Lower Than Class I Average
- Track Accidents/1000 miles	Lower Than Class I Average

3) Carloading: ORDC shall deem the C&OR's performance to be satisfactory in this category if by July, 2011, the revenue carloadings generated by the C&OR on or over the Rail Property exceeded 20,000 carloads during the previous twelve month period, or during calendar year 2010.

4) Track Maintenance: ORDC shall deem the C&OR's performance to be satisfactory in this category if the C&OR meets the standards set out in Article 10, "Maintenance and Repairs", of this Agreement.

5) Operations/Financials: ORDC shall deem the C&OR's performance to be satisfactory in this category if by July 2011, the C&OR shall demonstrate that it has a Current Asset Ratio which is more than .75 for the previous 12 month period or for calendar year 2010. ORDC shall

calculate this Current Asset Ratio using the audited financial statements of the C&OR. The Current Asset Ratio will be calculated as follows: Current Assets divided by Current Liabilities.

6) Connectivity/Value Added: ORDC shall deem the C&OR's performance to be satisfactory in this category if in or about July 2011, the C&OR, through its affiliated Ohio Central System rail companies, maintains effective interchanges with Class I railroads at Warwick, Ohio, and Massillon, Ohio, or at points equivalent or better to these locations.

7) Compliance With Operating Agreement: ORDC shall deem the C&OR's performance to be satisfactory in this category if the C&OR is not in default of any of the provisions of this Agreement. In the event that ORDC's analysis under this category is done at such time when the C&OR is in default of this Agreement, the C&OR shall have the full time allotted in Article 29 "Default" of this Agreement, to correct the default to meet the stipulations of this Article.

In the event that ORDC deems the C&OR's performance in all of the Categories included in this Section "E" of this Article to be satisfactory, ORDC shall not pursue a Competitive Selection Process to determine the operator of the Rail Property for the period of time between July 2012 and June 2017. Instead, ORDC shall commence good faith negotiations with the C&OR for the operation of the Rail Property in this 2012 to 2017 time frame. ORDC shall use the terms and conditions of this Agreement as the basis to negotiate the next five year term. It is ORDC's intent to enter into a new operating agreement with the C&OR from July 2012 to June 2017 if the C&OR agrees to the same terms and conditions as contained in this Agreement.

ORDC, however, reserves the right to stipulate new terms and conditions in the July 2012 to June 2017 agreement with the C&OR. ORDC shall limit new terms and conditions to areas where there have been tangibly demonstrated, substantial changes in conditions involving the operation of the Rail Property or to rail lines contiguous with the Rail Property. Further, in the event that the C&OR and ORDC cannot reach an agreement on new terms and conditions by December 31, 2011, then ORDC reserves the right to commence a competitive selection process.

In the event that ORDC chooses the C&OR as the contract operator for the Rail Property for the July 2012 to June 2017 time period through negotiations as described herein in this Article, it is ORDC's intent that the ORDC-C&OR agreement shall contain the same or similar Performance Standards as contained in this Article for this 2012 to 2017 time period. Further, it is ORDC's intent to reach a negotiated contract with the C&OR for the July 2012 to June 2017 time period if ORDC deems that the Performance Standards from the 2007 to 2012 agreement have been satisfactorily met by the C&OR.

ARTICLE 7 - C&OR PAYMENTS

During the term of this Agreement, C&OR shall pay from the gross revenues received from operation of the Rail Property the amount of FIFTY-EIGHT THOUSAND DOLLARS

($58,000) per month. Such payments shall fulfill ORDC's Lease requirements with First Capital Corp or its subsidiary, CAPRAIL I, INC. The abovementioned payments shall be made to a special account established and maintained at the Bank of New York by means of direct electronic transfer by the first of each month, or 24 hours before said Lease payments are due, whichever comes later. In addition, a check for TWO THOUSAND, FIVE HUNDRED DOLLARS ($2,500), made payable to: Treasurer State of Ohio, shall be mailed to ORDC by the first business day of each month.

ARTICLE 8 - INSPECTION AND AUDIT

The C&OR agrees that ORDC, or its duly authorized representatives, shall, at all reasonable times and upon reasonable notice, be permitted to inspect said Rail Property, and such records and data maintained by the C&OR as may be necessary to monitor the C&OR's compliance with this Agreement; provided, however, that so long as C&OR is not in default hereunder, ORDC shall not audit C&OR's financial records more frequently than once each year. Additionally, non-financial records will not be audited more than once a year as long as C&OR is not in default. As part of the annual audit, upon request by ORDC the records of the C&OR parent and affiliates shall be made available to ORDC for the purposes of documenting those revenues and expenses that are prorated between C&OR, said parents and affiliates and the methodology used for that proration. Disclosure of information on parent and affiliates shall be limited to that information that applies to the proration basis among Summit View enterprises and/or methodology of proration.

To the extent possible under applicable law, all aspects of ORDC's exercise of audit rights and the results thereof shall be held confidential, and shall not be disclosed without C&OR's prior consent. However, to the extent that disclosure is required by law or by court or administrative order, the C&OR's prior consent shall not be required. In such event, ORDC shall provide the C&OR with as much advance notice of the disclosure, and the circumstance under which disclosure is to be made, as practicable.

Subject to this Article 8, C&OR shall provide confidential carloading information in connection with operations over the Rail Property by customer, commodity, origin and destination, and interchange point (s) as of the end of the C&OR's fiscal year. Further, C&OR shall provide to ORDC Gross ton miles/mile information broken down by various segments as requested by ORDC.

During the term of this Agreement and subject to this Article 8, the C&OR shall, within one hundred five (105) days after the end of its fiscal year provide the Director with a confidential, audited financial report prepared by a Certified Public Accountant, including profit-loss statements, balance sheets and cash flow statements. C&OR shall respond within thirty (30) days to ORDC's request for relevant information and data concerning C&OR's railroad operation.

ARTICLE 9 - ALTERATIONS AND IMPROVEMENTS

C&OR, for the duration of this Agreement, shall have the right to make alterations to and improvements upon the Rail Property provided rail alterations and improvements are kept in good order, repair and in a safe condition and provided further that prior written notification of the proposed alteration or improvement is submitted to and approved by ORDC, which approval shall not unreasonably be withheld. ORDC shall grant such approval subject to the terms of the Lease. The C&OR within sixty (60) days after completion of any construction, alterations, repairs or improvements in or upon the Rail Property, shall furnish to ORDC a certified statement that all charges for labor and materials furnished have been paid, or all schedules of such payments are current, and provide to ORDC copies of releases of liens. The creation or imposition of any lien or charge upon the Rail Property through the failure of the C&OR, its agents, contractors, or subcontractors to render any such payments when due shall be deemed a default under the provisions of this Agreement with the C&OR remaining liable for liens and any other encumbrance so incurred.

For the purpose of this Agreement, "Alterations and Improvements" shall mean any activity which substantially changes the nature of the Rail Property, including but not limited to, the taking up of any portion of rail or track (mainline, branchline, or siding) , the changing of the centerline of any track (mainline, branchline or siding), modifications of any bridges or culverts, construction of any new track, structure or appurtenance on or along the Rail Property, modification of drainage system, or any other non-maintenance activity. Normal track maintenance shall not be considered an Alteration or Improvement. Normal maintenance includes, but is not limited to, tie replacement, surfacing, aligning, bolt tightening, replacement of rail, rail switches, or rail hardware, turning worn rail, replacing ballast and other normal maintenance activities. Further, the C&OR shall have the right to modify its building in Coshocton without prior approval of the Director. Nothing in this Article shall eliminate, alter, or change the C&OR's responsibilities described in Article 10, "Maintenance and Repairs" below.

It is specifically understood and agreed to by the parties that all improvements to the Rail Property are owned by ORDC. Nothing in this Article shall be construed to grant to the C&OR the right to sell, trade or otherwise profit from the removal of track, track structures or appurtenances. C&OR agrees that ORDC reserves the right to be the sole beneficiary of the proceeds of any salvaging of any track, track structure or appurtenances on the Rail Property. However, the C&OR shall have the right to request in writing to the Director that the C&OR be allowed to salvage un-needed track or track structures. The C&OR's written request shall contain the reasons why the track or track structures are no longer needed for the operation of the Rail Property, an estimation of the net liquidation value of the items to be salvaged, and a detailed description of the improvements to the Rail Property which will be made with the proceeds from the salvaging, including the exact location of such improvements. The C&OR may commence with the salvaging of materials upon written permission to do so by the Director,

and such permission will not be unreasonably withheld.

ARTICLE 10 - MAINTENANCE AND REPAIRS

A) The C&OR has inspected and accepts the Rail Property in its present condition and agrees that no representations or warranties with regard to condition and fitness for use of the Rail Property have been made.

B) The C&OR agrees that, at the C&OR's sole cost and expense, to put, keep, and maintain the Rail Property in good order, repair, and safe condition. The C&OR agrees that the following level of Federal Railroad Administration (FRA) Track Class will be attained and maintained in the following territories:

Main Line - Newark to Coshocton	FRA III
Main Line - Coshocton to Bowerston	FRA II
Main Line - Bowerston to Jewett	FRA III
Main Line - Jewett to Gould	FRA II
Georgetown Line to MP 0.0 to 5.5	FRA I
Georgetown Line MP 5.5 to 12.8	FRA I*
Trinway Industrial	FRA I*
Hebron Line	FRA I

* It is understood between the contracting parties that there is no demand for local or overhead service on the Georgetown Line between MP 5.5 to 12.8 or the Trinway Industrial and that they are currently not in service. The C&OR commits to attaining and maintaining FRA I Track Class within one year after receipt of a bona fide request for service over any portion of these lines.

It is understood that the above FRA standards shall be attained and maintained independent of the number of rail carloads generated over and upon the Rail Property or any segment thereof.

C) The C&OR commits to expend the following amounts in each year of the contract in the year after the following traffic levels are attained:

ANNUAL CARLOADS	CAPITAL REPAIR	MAINTENANCE
14,000-14,999	$800,000	$390,000
15,000-15,999	$900,000	$401,000
16,000-16,999	$1,000,000	$409,000
17,000-18,499	$1,100,000	$418,000
18,500-19,999	$1,300,000	$430,000

20,000-22,499	$1,500,000	$443,000
22,500-24,999	$1,600,000	$460,000
25,000 and Over	$1,700,000	$475,000

D) ORDC and the C&OR agree that the Engineering Plan and Budget is critical to the future of the Panhandle Rail Line and that communication between ORDC and the C&OR is central to the accomplishment of the Program. To that end:

1) By each March 15 thereafter during the life of this Agreement the C&OR shall submit to ORDC its work plan for the upcoming maintenance season.

2) By each April 15 thereafter ORDC shall either accept the C&OR's plan or offer modifications to it. ORDC's proposed modifications, if any, will be structured so as to not unduly affect the operation or profitability of the C&OR. The C&OR will make reasonable efforts to accommodate ORDC's modification proposals. Should the C&OR receive no ORDC modifications by April 15 in each year thereafter, it may proceed with its work plan as proposed.

The C&OR will specify in its work plan an estimate of the cost of the various elements of its plan broken down by equipment, materials, and labor. The description and cost of materials will include the specifications for said materials.

E) The C&OR shall fully cooperate with the ORDC in the inspection of materials and work. Materials found defective by ORDC inspectors will not be installed.

F) The C&OR shall annually provide the ORDC with a report on the Maintenance and Capital Repairs performed during the previous calendar year including but not limited to:

1) Narrative of work describing efficiencies and improvements arising therefrom.

2) A listing of material installed on a Mile Post-by-Mile Post basis.

3) Breakdown of project cost by labor, material, and equipment cost.

G) ORDC and the C&OR agree that fluctuation in traffic or in the profitability of traffic may cause financial pressures on the C&OR. Recognizing this, the ORDC shall not find the C&OR in default of its obligations provided that C&OR demonstrates to ORDC's satisfaction that C&OR net revenues from increased carloads was significantly lower than the average net revenue of other traffic on the Rail Property. The C&OR shall, however, be in default of this Agreement in the event that C&OR expends less than Ninety Percent (90%) of the appropriate target goal in any year.

H) Should the C&OR fail to meet the commitment level established in Part "C" of this Article 10, in a given Year, it shall have the right to clear the default by adding the shortfall (target minus actual work value) to its work plan for the following year.

I) In the event the C&OR exceeds the commitment level established in Part "C" of this Article 10, for any given year, the resulting credit (Actual Work Value minus commitment) may be applied against commitment level established in Part "C" of this Article 10, for future years.

J) The C&OR's maintenance responsibilities for the Rail Property shall include all railroad responsibilities inherited from previous railroad operators or owners in chronological order. To advance the public interest in the preservation of infrastructure and jobs, ORDC and the C&OR will work together to relieve the Rail Property and its patrons of the responsibility for ownership and/or maintenance of facilities not directly used in or useful in the conduct of railroad operations. Nothing in this subsection shall be deemed or construed by the parties hereto, or by any third party, to create the relationship of principal and agent, or of partnership, or of joint venture.

Should the C&OR be required by law or other competent authority to expend funds for maintenance of facilities not identified in its annual Engineering Plan" such funds will credited against the C&OR's annual obligations delineated in Part "C" of this Article 10.

In no event shall the C&OR be required to expend any of its funds for the maintenance, repair, and/or replacement of an over-grade highway bridge without first apprising the ORDC of the total cost attributable to any single project and of its possible negative impact on the C&OR's contractual maintenance and capital repair commitments. Should ORDC agree with the C&OR's findings, ORDC will take action including, but not limited to:

1) ORDC will accept the C&OR's application for a grant equal to at least 90% of the total cost of the project which grant shall be promptly considered.

2) Should ORDC fund less than 90% of the project cost via a grant, the ORDC will permit the C&OR to reduce C&OR's maintenance and capital repair commitment level delineated in Part "C" of this Article by the same amount for that or subsequent contract year depending on the timing of the project.

3) In no event will ORDC require the C&OR to fully fund both over-grade highway bridges and maintenance and capital projects which would unduly affect the C&OR's ability to continue profitable operations.

ARTICLE 11 - TAXES AND ASSESSMENTS

The C&OR shall have the sole responsibility to pay all taxes and assessments arising after the effective date of this Agreement for the Rail Property, or C&OR's use of the rail property including, but not limited to, real estate taxes and other assessments if any, throughout the term of this Agreement, or in any renewals of this Agreement. The C&OR shall pay such taxes and assessments directly to the taxing or assessing authority before such payments become delinquent and shall certify to ORDC that these tax obligations have been met. It is further agreed that C&OR shall have the right, at its sole cost and expense, to challenge the application, assessment or computation of any tax, as provided under applicable law.

ARTICLE 12 - ASSIGNMENT AND SUBLETTING

This Agreement and all the terms and conditions hereof shall inure in favor of, and be binding upon, the parties hereto and upon their respective successors and permitted assigns.

Further, the C&OR shall not assign or transfer this Agreement in whole or in part, or sublet the Rail Property, or any part thereof, without the prior written consent of the Director of ORDC which shall not be unreasonably withheld. An assignment, or transfer, or merger, or consolidation by operation of law or proceeding in equity, bankruptcy, insolvency or reorganization, or a transfer of any controlling interest of the stock of the C&OR to a person or persons not now in control, shall be deemed to be an assignment within the meaning of this provision.

For the purpose of timely filing of a Notice of Exemption pursuant to 49CFR Part 1150 and 49 U.S.C. 10901, the C&OR shall be allowed to assign a parent, subsidiary, or corporate affiliate of the C&OR and/or to a voting trustee under 49CFR Part 1013, a controlling interest of stock in the C&OR without prior ORDC approval.

ARTICLE 13 - INSURANCE AND INDEMNIFICATION

This Agreement is without force and effect until such time that the C&OR demonstrates to the satisfaction of ORDC that the C&OR has liability insurance coverage (i.e., bodily injury and property damage coverage) in amounts not less than Ten million dollars ($10,000,000.00) for each individual claim with regard to the operation of the Rail Property. The C&OR shall provide a certified complete copy of all such insurance policies to ORDC not more than ten (10) days prior to the execution of this Agreement. Each such policy of insurance must (i) name ORDC, ODOT, Caprail I, Financial Security Assurance, Bank of New York and the State of Ohio as an additional insured, and (ii) prohibit cancellation or material changes (including but not limited to any decrease in the amount of insurance) without at least thirty (30) days prior written notice to ORDC. The C&OR shall deliver to ORDC verification as to the replacement or renewal of each such policy not less than thirty (30) days prior to the expiration (or other termination) date of any

such policy.

The C&OR agrees to indemnify and hold ORDC, ODOT, Caprail I, Financial Security Assurance, Bank of New York and the State of Ohio harmless from and against any loss, claim, damage, cause of action or absolute liability, (including without limitation, counsel fees) caused by the C&OR's negligent, reckless, intentional, willful or wanton actions or inactions, including such actions or the failures to act of any contractors, subcontractors or employees hired by or working under the direction of the C&OR.

However, nothing in this Article 13 shall be construed as imposing on the C&OR any liability or duty of indemnification whatsoever with respect to any acts or omission of rail carriers other than the C&OR conducting operations on or over the Rail Property pursuant to Article 4, "Non-Exclusive Operation" or Article 26, "Passenger Service".

In no event shall the C&OR or any of its employees, agents, contractors or subcontractors be considered agents or employees of ORDC, ODOT, Caprail I, Financial Security Assurance, Bank of New York and the State of Ohio. The C&OR agrees that none of its employees, agents, contractors or subcontractors shall hold themselves out as, or claim to be, agents, officers or employees of ORDC, ODOT, Caprail I, Financial Security Assurance, Bank of New York and the State of Ohio, and will not, by reason of any relationship with ORDC, ODOT, Caprail I, Financial Security Assurance, Bank of New York and the State of Ohio, make any claim, demand or application to any agent, officer, or employee of the State of Ohio including, but not limited to, rights and privileges concerning worker's compensation benefits, social security coverage or retirement membership or credit.

ARTICLE 14 - TAX PENALTIES

The C&OR agrees to pay any penalties assessed to ORDC or to the C&OR due to lack of payment or late payment by C&OR of any taxes described in Article 11, "Taxes and Assessments", of this Agreement.

ARTICLE 15 - UTILITIES

The C&OR, at its sole cost and expense, shall arrange for and obtain necessary water, electricity and other utility services required for its use. ORDC shall not be liable for any such services, or the suspension of such services.

ARTICLE 16 - PROPERTY MANAGEMENT

A) Subject to the other provisions of this Agreement and this Article, the C&OR shall be obligated to fulfill all responsibilities, obligations, and duties assumed by ORDC under the Lease. In addition to the foregoing, the C&OR's responsibilities shall include, but not be limited

to, fulfilling the ORDC's obligation under the Lease by providing services and collecting fees.

B) The C&OR may enter into new leases, easements, or other property management responsibilities, hereinafter referred to as Property Transactions, which ORDC might enter into under the terms of the Lease only after the C&OR obtains written permission from the Director of ORDC, which permission shall not be unreasonably withheld. ORDC shall have no obligations under such Property Transactions unless the Director accepts such obligations in writing.

C) ORDC reserves the right to require that the C&OR pay directly to ORDC fees, revenues, or other payments which accrue from Property Transactions involving telecommunications, fiber optics, or cellular telephone towers or apparatus. However, in no event shall C&OR be required to pay more than Fifty Percent (50%) of said fees, revenues, or other payments directly to ORDC.

D) The C&OR shall establish a separate interest bearing account called the "Special Projects Fund" which shall consist of all fees, revenues, or other payments the C&OR receives from Property Transactions entered into after the effective date of this Agreement. ORDC shall have no rights, title, or interest in this Special Projects Fund except as described in this Article 16. ORDC shall have the right to determine which projects may be paid for by the C&OR with the Special Project Fund in accordance with the following procedure:

1) At any time, the C&OR may request in writing ORDC's approval to spend all or part of the Special Projects Fund on a project or projects of the C&OR's choosing. The request will include a detailed description of the project or projects to be performed, the method to be used to perform them, and the costs broken down by the various elements of the project or projects.

2) Within thirty (30) days after receiving the C&OR's written request, ORDC shall respond in writing whether or not ORDC approves of the project or projects. ORDC shall retain the right to suggest alterations to the proposed project or alternative projects. ORDC's approval of projects which the C&OR proposes shall not be unreasonably withheld.

3) If ORDC approval is provided, the C&OR may proceed with the project or projects and pay for them using the Special Projects Fund. Within sixty (60) days after project completion, the C&OR shall provide ORDC with a detailed accounting of the actual costs to complete the project or projects.

4) If ORDC approval is not provided for a project or projects, then the C&OR shall retain the right to proceed with the project or projects, subject to the terms and conditions of this Agreement, but shall not use any portion of the Special Projects Fund to pay for any portion of the project or projects.

E) At its sole discretion, ORDC may allow that expenditures of Special Projects Fund monies by the C&OR be counted against the C&OR's obligations in Article 10, "Maintenance and Repairs" of this Agreement. However, ORDC and the C&OR agree that it is the intent of this Article 16 that the Special Projects Fund be used to supplement, not take the place of, the C&OR maintenance and repair expenditures stipulated by Article 10, "Maintenance and Repair".

F) In the event that this Agreement is terminated for any reason, including but not limited to, the default by the C&OR as contained herein in Article 29, "Default", the termination of this Agreement by the C&OR as provided for in Article 4, "Non-Exclusive Operations", or because the term has expired pursuant to Article 6, "Term", then the C&OR shall immediately pay to ORDC any and all funds held in the Special Projects Fund. However, in the event that the C&OR and ORDC are in the process of negotiating a new Operating Agreement for the Rail Property, the C&OR shall not be required to pay to ORDC the monies held in the Special Projects Fund until such time as the negotiations are formally terminated by either party.

Nothing in this Article 16 precludes ORDC from entering into a Property Transaction involving the Rail Property with parties of ORDC's selection under terms and conditions consistent with Article 16 and this Agreement. However, ORDC shall coordinate and cooperate with the C&OR to ensure that the interests of the C&OR are not unduly harmed before entering into the proposed Property Transaction. In the event that the C&OR has an objection to a proposed ORDC Property Transaction, the parties agree to mediate the disagreement as provided for in Article 35, "Alternative Dispute Resolution", of this Agreement.

ARTICLE 17 - C&OR MANAGEMENT FEE

As stipulated in the Articles above, the C&OR shall be responsible for collecting all fees and charges associated with the provision of property management and common carrier services on the Rail Property.

In addition to the payments required under Article 7, "C&OR Payments", of this Agreement, within thirty (30) days after the end of each calendar quarter, the C&OR shall deposit available gross revenues up to five percent (5%) of the gross revenues realized from the operation of the Rail Property for the said previous calendar quarter into an escrow account. The escrow agent upon receipt of said gross revenues shall then pay to C&OR a fixed fee of $300,000.00 per quarter as C&OR's management fee for the previous quarter. Any remaining funds after said payments shall be known as "Excess Funds" and shall be deposited into ORDC accounts as determined by the Director and approved by the Director of the Office of Budget and Management of the State of Ohio. However, in the event that the escrow agent is unable to pay the entire $300,000.00, the C&OR shall receive the maximum amount available in the escrow account and shall receive a non-recourse credit from the escrow agent for the sum equal to the difference between $300,000.00 and the amount paid by the escrow agent. Any credit amount shall be paid to the C&OR by the escrow agent prior to depositing any "Excess Funds" into the

specified ORDC accounts. At the end of the management agreement term, any amounts listed by the escrow agent as credit to the C&OR shall be considered as an uncollected fee and neither the escrow agent, ORDC, nor anyone else shall be liable for payment of any C&OR management fee. All liability for the management fee shall be limited to funds held in the escrow account.

ARTICLE 18 - FORCE MAJEURE

In the event of an occurrence beyond the reasonable control of C&OR, such as an act of God, a flood, a major explosion or fire or an act of any government, which prevents or materially impairs C&OR's ability to provide rail service over part or all of the Rail Property, the C&OR's obligation to provide rail service under this Agreement is excused until such time the Rail Property becomes operational. In the event of such an occurrence, ORDC and the C&OR shall determine jointly and in good faith how the expense of repairing or rebuilding the Rail Property shall be divided between ORDC and the C&OR; provided, however, that in the absence of ORDC's commitment to pay for same, C&OR shall not be obligated to undertake any repair or replacement of asset or equipment that would not be required under otherwise applicable law.

An incidence of Force Majeure shall not excuse C&OR's obligations under Article 7 "C&OR Payments". However, it is expressly agreed that ORDC or the C&OR retains the option to terminate this Agreement in accordance with Article 28, "Termination", upon the occurrence of any act deemed to be "Force Majeure" under this Article.

Normal track rehabilitation shall not be considered an occurrence of Force Majeure under this Agreement. Normal track rehabilitation includes, but is not limited to, extensive track repair necessary because of the lack of adequate maintenance or extraordinary use of the line over a period of five (5) or more years.

ARTICLE 19 - EEO REQUIREMENTS

In the hiring of employees or for any contract or subcontract, the C&OR, its sublessee, contractors or subcontractors shall not by reason of race, color, religion, sex, age, disability, national origin, or ancestry discriminate in the employment of persons qualified and available to perform the work. Neither the C&OR nor its sublessees, contractors, subcontractors, or any person acting on behalf of C&OR, sublessee, or any contractors or subcontractors shall, in any manner, discriminate against, intimidate, or retaliate against any employee on account of race, color, religion, sex, age, disability, national origin, or ancestry.

ARTICLE 20 - NOTICES

All notices, requests, demands, directions and other communications (collectively "notices") given to or made upon any party hereto under the provisions of this Agreement shall be in writing (including electronic mail) and shall be delivered or sent by first class, certified,

return receipt requested, or first class express mail or overnight air courier service, or by electronic mail with confirmation in writing mailed first class, in all cases with postage or charges prepaid, to the applicable party, addressed:

If to ORDC:

Executive Director
Ohio Rail Development Commission
Suite 1510, LeVeque Tower
50 West Broad Street
Columbus, OH 43215

If to the C&OR:

President
The Columbus & Ohio River Rail Road Company
47849 Papermill Road
Coshocton, Ohio 43812

Or, notice may be given to another party and/or at another address in accordance with any unrevoked written direction from any party to any other party hereto. Each such notice shall be deemed to have been given or received on the date sent except when sent by first class express mail or overnight air courier service, in which case on the next Columbus Banking Day thereafter, and except when sent by first class mail, in which case on the third Columbus Banking Day thereafter.

ARTICLE 21 - REMEDIES

No remedy herein conferred upon or reserved by either party is intended to be exclusive of any other available remedy, but each and every such remedy shall be cumulative and shall be, in addition to every other remedy given under the Agreement now or hereafter existing at law or in equity.

ARTICLE 22 - NO WAIVER

No delay or omission to exercise any right or option accruing to either party upon any breach by the other party shall impair any such right or option or shall be construed to be waiver thereof, but any such right or option may be exercised from time to time and as often as may be deemed necessary by the non-breaching party.

Further, if any term, provision, covenant or condition contained in this Agreement is breached by either party and thereafter such breach is waived by the other party, such waiver

shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. A written record of such waiver shall be included in the records of this Agreement.

ARTICLE 23 - COMPLIANCE WITH FEDERAL, STATE, AND LOCAL LAWS AND REGULATIONS REQUIREMENTS

The C&OR agrees to comply with applicable federal, state, and local laws and regulations in its performance under this Agreement. In the event that any provision of this Agreement conflicts with any law or regulation, the law or regulation shall prevail.

ARTICLE 24 - SEVERABILITY

If any provision of this Agreement is held to be invalid or unenforceable by a court of competent jurisdiction, such holding shall not affect the validity or enforceability of the remainder of this Agreement. All provisions of this Agreement shall be deemed severable except that if the savings clause as set forth in Article 30, "Limitations", herein is determined to be invalid, unenforceable or unconstitutional, this Agreement shall terminate.

ARTICLE 25 - NO ABANDONMENT

The C&OR shall not apply for abandonment of or discontinuance of service over any portion of the Rail Property without securing the advance written consent of the ORDC.

ARTICLE 26 - PASSENGER SERVICE

A) In recognition of the potential for rail passenger service on the Rail Property, ORDC encourages the C&OR to promote, develop and support safe and efficient rail passenger service.

B) The C&OR shall exercise the right to provide passenger service on the Rail Property by providing ORDC's Director a written notice Thirty (30) days in advance of any proposed rail passenger service. Such notice shall include, but not be limited to, evidence that C&OR has obtained all necessary Federal or other approvals to operate such service, and the location, times, schedules and dates of any and all passenger trains the C&OR proposes to operate. The C&OR may request blanket approvals from ORDC of certain types or classes of rail service over a specified time period.

C) Upon receiving the request from C&OR to operate passenger service on the Rail Property, ORDC's Director shall respond to the C&OR's request no later than thirty (30) days from ORDC's receipt of such notice. Further, ORDC reserves the right to request that the C&OR change, alter or amend such request so as to protect the public from damage and injury. ORDC reserves the right to reject C&OR requests under this Article; however, such requests shall not be

unreasonably denied. ORDC may deny requests for passenger service on grounds that the C&OR is not in compliance with otherwise applicable safety regulations, or has failed to procure the insurance required in Paragraph "D" hereof.

D) Before approving any C&OR request to operate passenger service, ORDC will require that the C&OR demonstrate to the satisfaction of ORDC that the C&OR has the necessary liability coverage to operate passenger service on the Rail Property. ORDC shall be the Final Arbitor of the amount of insurance C&OR must obtain to operate passenger trains. In addition, the C&OR agrees to indemnify and hold ORDC and Caprail I, Inc. harmless from and against any loss, claim, damage, cause of action, destruction, liability, (including, without limitation, counsel fees) caused by the C&OR's negligent, intentional, willful or wanton actions or inactions, including such actions or the failures to act of any contractors, subcontractors or employees hired by the C&OR including independent contractors.

E) 1) ORDC reserves the right to allow qualified rail passenger and excursion operators other than the C&OR to operate on the Rail Property. ORDC and the C&OR agree that provisions for initiating such passenger and excursion service shall be conducted under the same process and terms as established for other freight carriers using the Rail Property in Article 4, "Non-Exclusive Operations", of this Agreement.

2) ORDC agrees that ORDC, not the C&OR, shall be the party which contracts with said qualified passenger or excursion operator to operate on the Rail Property. ORDC agrees that said operating contract will, as a minimum, provide that:

i) Said qualified operator shall agree to indemnify the C&OR and hold it harmless from and against any loss, claim, damage, cause of action, destruction, or liability (including, without limitation, attorneys' fees) which arises in any way from, during or in connection with said operator's presence on, use of or operation over the Rail Property. ORDC further shall require said operator to provide and maintain insurance against the liability herein described, naming the C&OR as an additional insured, in the amount of at least Ten Million Dollars ($10,000,000). If at any time for any reason said insurance shall lapse, be canceled, or otherwise cease to be in effect, ORDC shall require the qualified operator to immediately vacate the Rail Property and refrain from any use thereof or operation thereover until said insurance is again full effective.

ii) Said qualified operator will abide by special operating terms and conditions concerning radios, telemetry, flagging, and other matters which the C&OR may from time-to-time bring to the ORDC's attention.

3) ORDC agrees that the C&OR will not be compelled to operate or accept for operation passenger equipment which does not meet passenger car standards as determined by a qualified independent passenger car inspector who shall be selected by the ORDC and the C&OR. Charges of the inspector will be paid by the party offering the passenger equipment for operation. In no event shall passenger equipment which does not meet FRA standards be accepted for excursion operation nor shall equipment which does not meet Amtrak standards be accepted for regular scheduled intercity, commuter, or suburban service.

4) ORDC agrees that the C&OR will not be compelled to provide personnel, equipment, or services for the operation of passenger or excursion service by a third party.

5) ORDC agrees that in its considerations as to whether to allow another operator to conduct passenger or excursion services on the Rail Property, ORDC shall take into account whether that other operator and/or another railroad already sponsoring passenger excursion service on their lines, is willing to allow the C&OR, or its affiliated railroads and companies, to utilize their lines for excursion or passenger services under similar terms and conditions.

6) ORDC will make its good faith efforts to encourage Ohio railroads to allow C&OR to operate excursion or passenger services over their lines as a quid pro quo for other operator(s) seeking to use the Rail Property for passenger or excursion service.

7) Subject to section E (1) of this Article 26, the C&OR and the operator seeking to use the Rail Property will negotiate the compensation to be paid for allowing passenger service but such compensation shall be approximately equal to the actual costs to the C&OR caused by the passenger service on the Rail Property, including a management fee and other C&OR personnel costs. In no event will the C&OR be compelled to subsidize or otherwise underwrite expenses of the passenger or excursion service operator on the Rail Property. ORDC shall be the final arbiter in determining compensation to be paid to the C&OR in accordance with the terms and conditions of this Article 26.

8) In any grant of passenger or excursion service rights to an operator the ORDC will not require the C&OR to pay for or maintain the track at its expense to a higher standard than is noted in Article 10, "Maintenance and Repairs" of this Agreement.

ARTICLE 27 - C&OR CONTRACTS

ORDC recognizes that the effective operation of the Rail Property requires that the C&OR enter into certain contracts for periods of time which may exceed the five year term of this Agreement. The C&OR recognizes that ORDC has an interest in knowing the terms and

conditions of said C&OR contracts which may be in effect beyond the termination of this Agreement.

The C&OR agrees that it shall not enter into contractors beyond the terms of this Agreement unless the contract is assignable, at the option of the successor railroad, to any railroad which may be retained by ORDC to be the contract operator for the Rail Property.

ARTICLE 28 - TERMINATION

A) The C&OR shall have the right to terminate this Agreement at its discretion upon written notification to the Director of ORDC ONE HUNDRED AND EIGHTY (180) DAYS in advance of the C&OR's actual cessation of service. ORDC shall have the right to terminate this Agreement, or any renewal of this Agreement, only in accordance with the provisions Article 6, "Term", Article 18, "Force Majeure", Article 24, "Severability", Article 29 - "Default" or Article 30, "Limitations"of this Agreement.

B) Upon termination or non-renewal of this Agreement for any reason, ORDC agrees that so long as permitted by law, it shall grant to C&OR, or its designee, for a period of not less than ten (10) years, joint rights over the Rail Property for the limited purpose of transporting coal destined for Conesville, Ohio. C&OR or its designee shall obtain such joint rights in accordance with in Article 4, "Non-Exclusive Operations" of this Agreement. The provisions of this Part "B" of this Article 28 shall only apply to coal traffic which the C&OR develops during the term of this Agreement which originates on lines other than the Panhandle.

ARTICLE 29 - DEFAULT

ORDC may notify the C&OR in writing that the C&OR is in default of this Agreement if the C&OR is not performing or complying with any condition or provision of this Agreement including but not limited to the following:

1) The C&OR fails to make any Lease payments as required by Article 7, "C&OR Payments".

2) The C&OR fails to provide financial and/or C&OR carloading and gross ton mile/mile information as required by Article 8, "Inspection and Audit".

3) The C&OR makes unauthorized alterations and improvements as defined in Article 9, "Alterations and Improvements".

4) The C&OR fails to maintain track as provided for in Article 10, "Maintenance and Repairs".

5) The C&OR fails to pay taxes as required by Article 11, "Taxes and Assessments".

6) The C&OR sub-leases any of the Rail Property or in any way transfers Controlling interest of the C&OR in violation of Article 12, "Assignment and Subletting".

7) The C&OR fails to acquire the required insurance, as provided in Article 13, "Insurance and Indemnification", or the required insurance is canceled.

8) The C&OR fails to pay any tax penalties as described in Article 14, "Tax Penalties".

9) The C&OR violates the EEO requirements as provided in Article 19, "EEO Requirements".

10) The C&OR abandons any portion of the Rail Property without the advanced written permission of the ORDC Director as provided in Article 25, "No Abandonments".

11) The C&OR operates passenger service without the Director's approval as provided in Article 26, "Passenger Service".

12) If C&OR is insolvent or files, or consents to the filing against it of a petition for relief or reorganization in bankruptcy or insolvency under the laws of any jurisdiction.

13) The C&OR fails to abide by Article 27, "C&OR Contracts".

In the event that ORDC informs the C&OR in writing of a C&OR default, the C&OR shall have Sixty (60) days to cure the default except that: 1) there shall be no grace period for the payment of any monetary obligations; and 2) for obligations that would be reasonably expected to take more than Sixty (60) days to cure, the C&OR shall begin steps to cure the default within Thirty (30) days and there after make good faith efforts to prosecute same with due diligence so that the cure shall take place in a reasonable amount of time. If C&OR fails to so cure within this period, or pay all monetary amounts when due, then ORDC may terminate this Agreement. In the event ORDC terminates this Agreement, in addition to any other action or remedy which ORDC may have at law or in equity to recover damages or otherwise by reason of breach by C&OR of any provision of this Agreement, ORDC shall have the right to remove C&OR from the Rail Property and take possession thereof by all available legal means, including, but not limited to, the assignment of trackage operating rights to another carrier at ORDC's discretion without regard to Article 4, "Non-Exclusive Operation" of this Agreement, free and clear and discharged of this Agreement and of all right of the C&OR hereunder. C&OR shall pay to ORDC upon demand all fees and expenses, including reasonable attorney's fees, incurred in connection with and in obtaining possession of the Rail Property as aforesaid.

At its discretion, ORDC may request that the C&OR continue operations on the line for an agreed upon period of time after ORDC's termination of this Agreement because of C&OR default to facilitate the orderly change in service from the C&OR to another carrier. Such continued operations shall be governed by the terms of this Agreement but shall not constitute a

reinstatement of this Agreement.

ARTICLE 30 - LIMITATIONS

Notwithstanding anything stated in this Agreement to the contrary, any provision, agreement, condition, understanding, or the like contained in this Agreement which contravenes, violates, conflicts with or is not authorized by the Constitution or Statutes of the State of Ohio shall be void ab initio. It is further understood that if at any time sufficient funds are not appropriated or available to continue funding the payments due under the Lease, this Agreement will terminate on the date the available appropriation expires without further obligation by the State of Ohio. Notwithstanding any other provision of this Agreement, ORDC shall not be required to expend funds under this Agreement unless funds for such purpose are appropriated by the General Assembly and certified as available by the Director of the Office of Budget and Management of the State of Ohio.

ARTICLE 31 - ENTIRE AGREEMENT

This Agreement and its attachments constitute the entire Agreement between the parties. All prior discussions and understandings between the parties are superseded by this Agreement. No terms shall be altered or otherwise amended except by an instrument in writing signed by each party hereto.

ARTICLE 32 - CAPTIONS

The article captions in this Agreement are for the convenience of reference only and in no way define, limit or describe the scope or intent of this Agreement or any part hereof and shall not be considered in any construction hereof.

ARTICLE 33 - CONSTRUCTION

This Agreement shall be construed, interpreted, and the right of all parties determined, in accordance with the laws of the State of Ohio. The parties agree that the exclusive venue for any dispute regarding this Agreement shall be in a court of competent jurisdiction located in Franklin County, Ohio.

ARTICLE 34 - EFFECTIVE DATE

This Agreement shall become effective on July 1, 2007 which will be termed the "effective date".

ARTICLE 35 - ALTERNATIVE DISPUTE RESOLUTION

The parties hereby agree that they will attempt in good faith to promptly resolve any controversy or claim arising out of or relating to this Agreement through negotiation. If a disputed matter cannot be timely resolved between the parties, ORDC and C&OR further agree to pursue the alternative dispute mechanism of mediation, and to share in the costs of the same, to resolve any controversy or claim under this agreement before pursuing litigation.

ARTICLE 36 - DRUG FREE WORKPLACE

C&OR agrees to comply with all applicable state and federal laws regarding drug-free workplace. C&OR shall make good faith efforts to ensure that all of its employees while working on Rail Property will not purchase, transfer, use or possess illegal drugs or alcohol or abuse prescription drugs in any manner.

IN WITNESS WHEREOF, the parties hereto have caused this AGREEMENT to be executed as of the day and year first above:

ATTEST:

_____

By _____
William A. Strawn II
President
The Columbus & Ohio River Rail Road Company

ATTEST:

_____

By _____
State of Ohio
Ohio Rail Development Commission
Matthew R. Dietrich
Acting Executive Director

RESOLUTION 07-06

Re: Operating Agreement Between Ohio Rail Development Commission and The Columbus & Ohio River Railroad Company for the Panhandle Rail Line

A RESOLUTION TO MAKE AND ENTER INTO AN OPERATING AGREEMENT WITH THE COLUMBUS & OHIO RIVER RAILROAD COMPANY ("C & OR") UNDER CHAPTER 4981 OF THE OHIO REVISED CODE.

WHEREAS, this Commission as the Ohio Rail Development Commission ("ORDC") created by Chapter 4981 of the Ohio Revised Code, has the authority pursuant to Revised Code Section 4981.08(A) to lease any rail property in which it has an interest for the continuation and operation of rail service; and

WHEREAS, the ORDC is authorized by ORC 4981, Sections .14 (9) and (18) to exercise all powers necessary or appropriate to carry out its corporate purposes including the authority to make and enter all agreements necessary to the performance of its duties and the execution of its powers; and

WHEREAS, on June 5, 2002, the ORDC entered into an Operating Agreement with the C&OR for the operation of the Panhandle Rail Line ("Panhandle") which expires on June 30, 2007; and

WHEREAS, the ORDC now desires to enter into a new Operating Agreement with C & OR for the period of July 1, 2007 thru June 30, 2012 in that the C&OR has met all the renewal conditions set forth in the 2002 Operating Agreement.

NOW, THEREFORE, BE IT RESOLVED that the ORDC hereby authorizes its acting executive director, Matthew Dietrich, and staff to exercise all powers necessary or appropriate to enter into an Operating Agreement of the Panhandle Rail Line with the C&OR in a form substantially similar to the form attached hereto as Exhibit A and incorporated as if fully rewritten herein.

Moved By _____
Seconded By _____

Upon roll call, the vote resulted as follows:

James E. Betts, Chair	____	yes	____	no	____	absent	____	abstained	____ Recused
Howard Wood for James G. Beasely	____	yes	____	no	____	absent	____	abstained	____ Recused
Barbara Hammontree Bennett	____	yes	____	no	____	absent	____	abstained	____ Recused
Kimberly Gibson for Lee Fisher	____	yes	____	no	____	absent	____	abstained	____ Recused
Solomon Jackson	____	yes	____	no	____	absent	____	abstained	____ Recused
Thomas McOwen	____	yes	____	no	____	absent	____	abstained	____ Recused
Larry Sowers	____	yes	____	no	____	absent	____	abstained	____ Recused
Herk Wolfe	____	yes	____	no	____	absent	____	abstained	____ Recused
Dan Roberts	____	yes	____	no	____	absent	____	abstained	____ Recused
Jim Hartung	____	yes	____	no	____	absent	____	abstained	____ Recused

ORDC ACTION: Motion approved ____ Motion denied ____ Other action _____ Date 5/17/07

CERTIFICATE

I, the undersigned Chairman of the ORDC, hereby certify that the foregoing is a true and correct record of the resolution of said ORDC.

_____ 5/17/07

James E. Betts, Chairman Date

PROJECT BRIEFING
WHEELING AND LAKE ERIE RAILROAD
AUXILIARY UNIT PURCHASE AND INSTALLATION

May 17, 2007

Project Costs

- **ORDC Loan $378,600**

Project Benefits

- **WLE realizes fuel savings**
- **State realizes emission reductions**

INTRODUCTION

The Wheeling and Lake Erie Railroad (WLE) has requested a $378,600 loan to purchase and install ten (10) auxiliary power units (APUs) to upgrade part of its locomotive fleet. The loan is proposed for a five year term with zero percent in year one and two percent in the remaining years. The APUs will serve as collateral.

BACKGROUND

ORDC staff has been discussing ways to promote and encourage the environmental benefits of rail transportation. One of the obvious ways to accomplish this goal is through the reduction of locomotive emissions. Staff has researched and met with a variety of groups including locomotive manufacturers, Metropolitan Planning Organizations, ODOT and railroads looking for ways to match the needs of the rail industry to upgrade the locomotive fleets with eligible public funding mechanisms.

In that process, staff learned that the WLE had already begun upgrading its locomotive fleet with Auxiliary Power Units (APUs) to achieve fuel savings which is also accompanied by significant environmental benefits in reduced emissions. After further discussions with the WLE, it was determined that assistance from the ORDC could accelerate the installation of these fuel saving devices.

Description of the Auxiliary Power Units: The APUs proposed by the WLE are manufactured by Ecotrans Technologies in London, Ontario. This system is a diesel fueled co-generator set that produces both electric power or battery charging and heat. It is powered by a Kubota V2003TB6 diesel engine and a 16 Kw 240 VAC generator. The heat for the water and lubricating fluids is produced by electric immersion heaters and a heat exchanger of the Kubota's engine cooling system. The WLE has installed 11 of these units to date and wants to continue with this product based on past performance as well as for standardization in future maintenance, parts, and operational parameters.

APUs allow the locomotive diesel engine to be shut down at any time it is not in use moving trains no matter what the ambient temperature is. Traditionally, when ambient temperatures fall below 40°F locomotive engines are left to idle when not in use to keep coolants and lubrication fluids above freezing temperatures. These fluids also must be maintained at a temperature of 60° to 100° to allow the locomotive engine to restart at below freezing ambient temperatures. When the locomotive's engine is shut down and the coolant water in the engine drops to 60°F the APU will auto start as it is thermostatically controlled and circulates the coolant and the lubrication fluids heating them to 100°F. At the same time, heat is being applied to the cab of the locomotive and the locomotive batteries are being charged. The APU monitors the locomotive engine's temperature and will shut down as set temperatures have been reached. The unit does not run constantly. The APU will also automatically shut down the locomotive diesel engine if not in use even if employees fail to do so.

Environmental Benefits of APUs:
The APU maintains engines fluids at a safe temperature with a 75% reduction in fuel consumption rate when the locomotive engine is shut down. At the same time, hydrocarbons, NOX, and carbon monoxide emission rates are reduced by more than 90% compared to locomotive engine idling. Below is a comparison of the APU versus an idling locomotive.

Hydrocarbon emission reduction – 94%
Carbon monoxide emission reduction – 96%
NOX emission reduction – 91%
Particulate matter emission reduction – 83%

As the APU monitors locomotive engine temperature and only runs when needed to maintain set temperatures fuel consumption is greatly reduced. The APU fuel consumption rate is 1.3 gallons per hour when needed. A locomotive fuel consumption rate that is left idling is 5 gallons per hour and must run at an idle at low ambient temperatures when not equipped with an APU and not in use.

PROJECT DESCRIPTION
The APUs will be installed on ten (10) WLE locomotives. The locomotives are EMD models SD40-2, SD-40 and GP40. WLE unit numbers are 303, 3087, 4000, 5391, 5413, 6347, 6348, 7355, 7375 and 7377.

Cost per APU	$25,610.00
Installation Materials	$2,250.00
Installation Labor	$10,000.00
TOTAL COST PER UNIT INSTALLED	$37,860.00

WHY ORDC FUNDING IS NEEDED
The ORDC loan will allow the WLE to accelerate their program of retrofitting its locomotive fleet with the APUs realizing the fuel savings and the accompanying environmental benefits sooner than without public assistance.

PROJECT BENEFITS
- The benefits of an auxiliary power unit (APU) on locomotives are primarily emissions reduction and reductions in fuel consumption by reducing locomotive engine idle time. In addition, with the reduction of idle time, there is long term savings in the life of locomotive engine internal wear parts.
- Conservatively speaking, W&LE has saved approximately $55,500 this winter in fuel savings with eleven previously installed APUs and anticipates consistent savings with the additional units.

STAFF RECOMMENDATIONS/CONTINGENCIES
Staff recommends Commission approval of this loan at the terms described herein.

RESOLUTION 07-07

RE: THE WHEELING & LAKE ERIE RAILWAY ("W&LE") AUXILIARY POWER UNITS LOAN

A RESOLUTION DETERMINING THE APPROPRIATENESS OF ASSISTANCE PROPOSED TO BE PROVIDED TO THE W&LE UNDER CHAPTER 4981 OF THE OHIO REVISED CODE.

WHEREAS, this Commission as the Ohio Rail Development Commission ("ORDC") created by Chapter 4981 of the Ohio Revised Code, has the responsibility of reviewing and making recommendations to ORDC staff with respect to the assistance under Chapter 4981 of the Ohio Revised Code (the "Act") proposed to be provided; and

WHEREAS, the ORDC has under consideration the provision of assistance under the Act to the W&LE (the "Company"); and

WHEREAS, the ORDC staff has submitted to this ORDC a Request for Assistance submitted by the Company; the determination of the Executive Director of the ORDC and the facts upon which such determination is based, that the proposed assistance will conform to the requirements of the Act and the terms of the proposed assistance; and

WHEREAS, the ORDC has reviewed such submissions and discussed them with the Executive Director and staff of the ORDC the proposed assistance; and

WHEREAS, on the basis of such review and discussions, the ORDC has determined that the provision of assistance to the Company, as set forth in the ORDC staff's submissions, is appropriate.

NOW, THEREFORE, BE IT RESOLVED by the ORDC of the State of Ohio:

Section 1. That the ORDC determines that the assistance proposed to be provided under the Act to assist the Company with the Rail Service Project (as defined below) is appropriate.

Section 2. That the ORDC approves the proposed assistance to the Company, the nature, amount and terms of which are summarized in Exhibit "A" attached hereto.

Moved By _____

Seconded By _____

Upon roll call, the vote resulted as follows:

James E. Betts, Chair	____	yes	____	no	____	absent	____	abstained	____ Recused
Howard Wood for James G. Beasley	____	yes	____	no	____	absent	____	abstained	____ Recused
Barbara Hammontree Bennett	____	yes	____	no	____	absent	____	abstained	____ Recused
Kimberly Gibson for Lt. Gov Fisher	____	yes	____	no	____	absent	____	abstained	____ Recused
Solomon Jackson	____	yes	____	no	____	absent	____	abstained	____ Recused
Thomas McOwen	____	yes	____	no	____	absent	____	abstained	____ Recused
Larry Sowers	____	yes	____	no	____	absent	____	abstained	____ Recused
Herk Wolfe	____	yes	____	no	____	absent	____	abstained	____ Recused
Dan Roberts	____	yes	____	no	____	absent	____	abstained	____ Recused
Jim Hartung	____	yes	____	no	____	absent	____	abstained	____ Recused

ORDC ACTION: Motion approved ____ Other action _____
Motion denied ____ Date 5/17/07

CERTIFICATE

I, the undersigned Chairman of the ORDC, hereby certify that the foregoing is a true and correct record of the resolution of said ORDC.

_____ 5/17/07
James E. Betts, Chairman Date

EXHIBIT A

A loan in an amount of up to Three Hundred Seventy Eight Thousand Six Hundred Dollars ($378,600) (the "ORDC Loan") to purchase and install ten auxiliary power units ("APU") to upgrade part of its locomotive fleet (the "Rail Service Project") as defined herein pursuant to Section 4981.032 of the Ohio Revised. The term of the ORDC Loan shall not exceed five years at an interest rate of zero percent in year one and two percent for years two thru five of the term of the ORDC Loan, and be secured by the ORDC taking a security interest in each of the ten APU units.

The ORDC Loan are subject to the following conditions:

1. The Company must meet all standard ORDC program requirements, including any applicable prevailing wage provisions, in expending ORDC funds.

2. The Company shall execute and obtain such documents as are deemed necessary by the ORDC to evidence, close and secure the ORDC Loan.

PROJECT BRIEFING
FULTON RR RAIL – RIVER BULK TRANSLOAD, CINCINNATI

May 9, 2007

Project Costs		Project Benefits
* ORDC Grant	$200,000	* Transportation Cost Savings for Users
* Fulton Funding	$3,236,785	* 8 New Jobs
		* Up to 2,500 New Carloads/Yr. on I&O line

INTRODUCTION:

The Fulton Railroad Company, LTD requests a $200,000 grant from the ORDC Bulk Transload Program for the purchase of equipment needed to establish a rail – river bulk transload on the east side of Cincinnati. Staff recommends that ORDC provide the full $200,000 grant for equipment directly related to rail car loading, i.e. a trackmobile and/or front end loaders, contingent upon ORDC having a senior lien on the equipment, and upon Fulton Railroad investing significant funds before ORDC funding is provided.

BACKGROUND:

ORDC Bulk Transload Program: In the FY 2006 - 2007 biennial budget bill (HB 66), the Ohio General Assembly created a new "Rail Transload Facilities" fund. ORDC was provided with $500,000 to establish a demonstration program "to assist communities and railroads and other businesses to develop facilities that will enhance the ability of railroads to work with other transport modes to move bulk commodities more efficiently and safely." The ORDC Staff has been working on various projects across the state to utilize this new demonstration funding as a new "Bulk Transload Program". To date, ORDC has funded two projects, a $100,000 grant to Jacobs Industries to help expand a plastics transload in Walbridge (near Toledo), and a $200,000 grant to the Warrenton River Terminal to help expand a coal transload in Warrenton.

In evaluating bulk transload projects, staff uses ORDC's normal project criteria for economic development including but not limited to job creation and enhancement, job retention, and reduced transportation and business costs. In addition, staff stresses the environmental impact of re-balancing truck and rail traffic, (e.g., replacing trucks with rail cars when rail cars are more effective thereby creating space on the highways for truck traffic which cannot be effectively handled by rail).

Fulton Railroad Site: Fulton Railroad is an independent, wholly owned subsidiary of the Sawyer Place Company. Fulton Railroad is a railroad in name only. Although it does own track, it has no locomotives and provides no common carrier service. Fulton serves a 27 acre site in Cincinnati called the "Rookwood Terminal". Rookwood Terminals LLC is another Sawyer Place Company subsidiary. The site is served by the Indiana & Ohio Railway (I&O) and has over 3,000 ft. of Ohio River frontage. It has been a railroad/marine facility for over 160 years.

On the river side, cells are in place capable of handling 20 barge units of freight. On the rail side, Fulton Railroad has approximately 3,600 feet of track on site. Because the I&O line serving the site is truncated just west of the site, there are about 4,500 feet of I&O trackage available for use in building unit trains. Currently, part of the site is leased to Noramco which uses on site buildings to store steel coils and other products. Noramco uses an existing crane for unloading product from the river to its warehouse facilities. A photograph of the Rookwood/Fulton site is shown in Exhibit "A" herein attached.

Transloading Potential: About 7 acres of the Rookwood/Fulton site at the west end of the property are suitable for a bulk transload operation. The property is flat, above the 500 year flood plain (flood of record), and located right beside Fulton Railroad tracks. A diagram of the property is included herein as Exhibit "B".

Much of the Fulton Railroad track was rebuilt in 2005 at a cost of $135,000 and is in good condition for handling new rail traffic. With these latest improvements, the total Fulton Railroad investment in the rail portion of the property over the last few years has been approximately $500,000. However, work barges, conveyors, and rail car moving/rail car loading equipment is needed before bulk transload operations can begin.

PROJECT DESCRIPTION

Fulton Railroad is planning to invest approximately $3.4 million in equipment to establish a new bulk transload operation targeting the steel industry. Fulton is targeting pig iron and HBI (hot briquetted iron) for the Ohio steel industry as its initial river – rail transload business. Work barges in the river would transfer product to conveyor belts. The conveyor belts would move product approximately 180 feet from the barge up the river bank to a radial stacker which would distribute product onto the ground. Front end loaders would control the piles of materials and load them onto rail cars. A trackmobile will be needed to spot cars on Fulton Railroad property. A complete listing of capital needs for the bulk transload project is included herein as Exhibit "C".

Fulton Railroad has been working with various steel companies and the I&O to develop new business opportunities for the new transload facility. Fulton estimates that its transload operations will save select steel mills from $1.00 to $1.50 per ton on pig iron and HBI compared to current transportation options. While Fulton does not yet have contracts in place, it is confident enough in its business plan to invest over $3 million. It will obtain shipping contracts once the transload facility is in operation. Fulton estimates the new transload facility will generate up to 2,500 to 4,000 annual carloads of rail freight.

ORDC staff recommendation is to provide a $200,000 grant for the purchase of a trackmobile and/or two front end loaders. ORDC would not provide the grant unless ORDC obtained a senior lien on the equipment and until Fulton demonstrates that it has completed a substantial portion of its portion of the equipment investment.

WHY ORDC FUNDING IS NEEDED

ORDC funding will help Fulton with its start up operations by limiting its initial debt load.

PROJECT BENEFITS

- With an annual capacity to handle 1.2 million tons, the new Fulton bulk transload facility has the potential to provide significant transportation cost savings to Ohio's steel industry, and other Ohio industries.
- The new facility will generate about 2,500 new carloads annually of rail traffic on an I&O branchline.
- Fulton will target traffic that now moves by truck from the river to select plants so that the truck portion of the trip will be replaced by rail. Potentially, thousands of trucks moves could be eliminated.
- Fulton will create 8 new jobs.

OTHER CONTRIBUTIONS

Fulton Railroad will provide all other funding for the project.

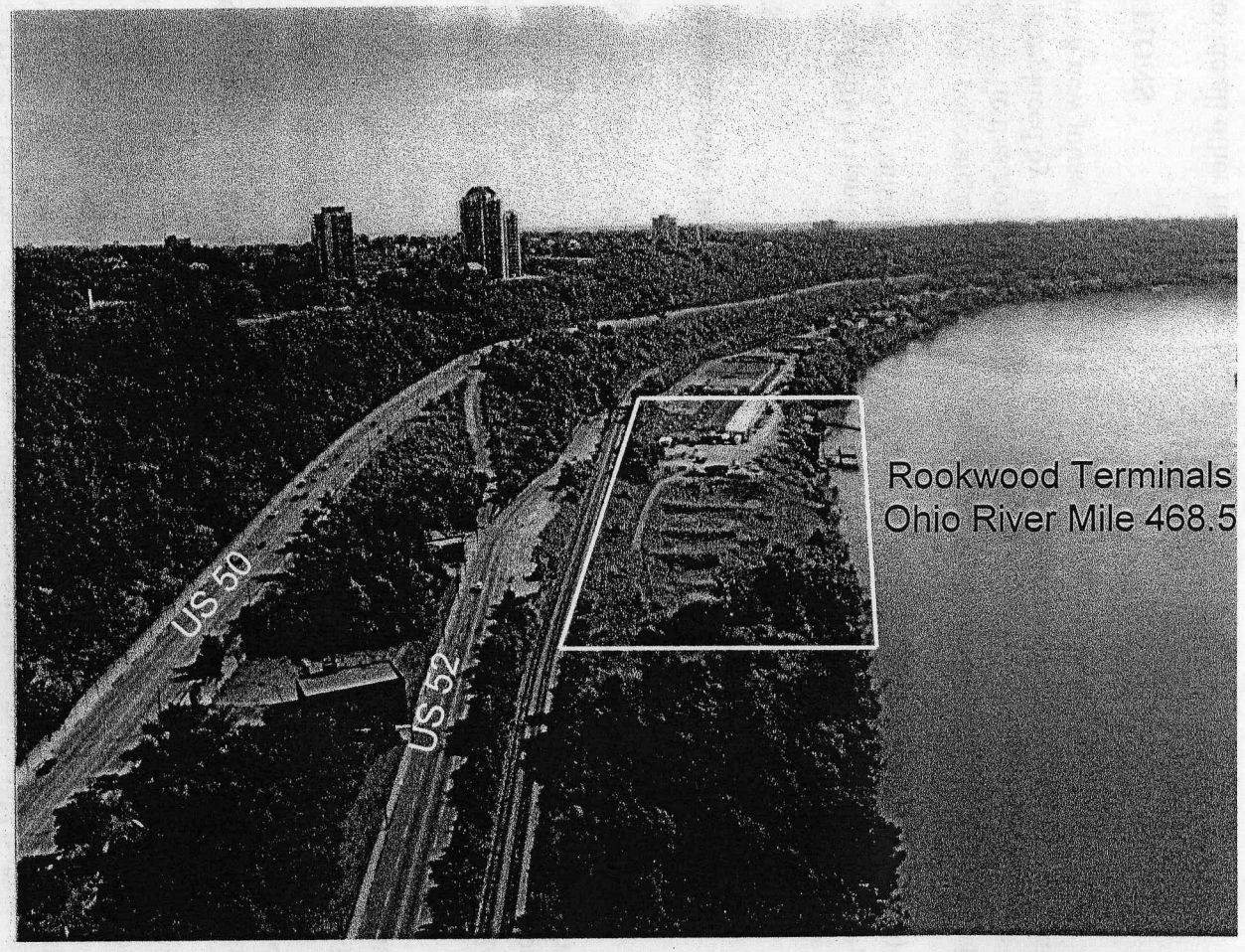
SPECIAL CONTINGENCIES

ORDC would not provide the grant until ORDC obtains a senior lien on the equipment funded and shall not disperse the grant until Fulton demonstrates to the satisfaction of the Executive Director that it has completed a substantial portion of its proposed equipment investment. For the purpose of the ORDC – Fulton grant agreement, Fulton will commit to creating 8 new jobs, and generating 1,250 carloads of rail a year within three years of project completion.

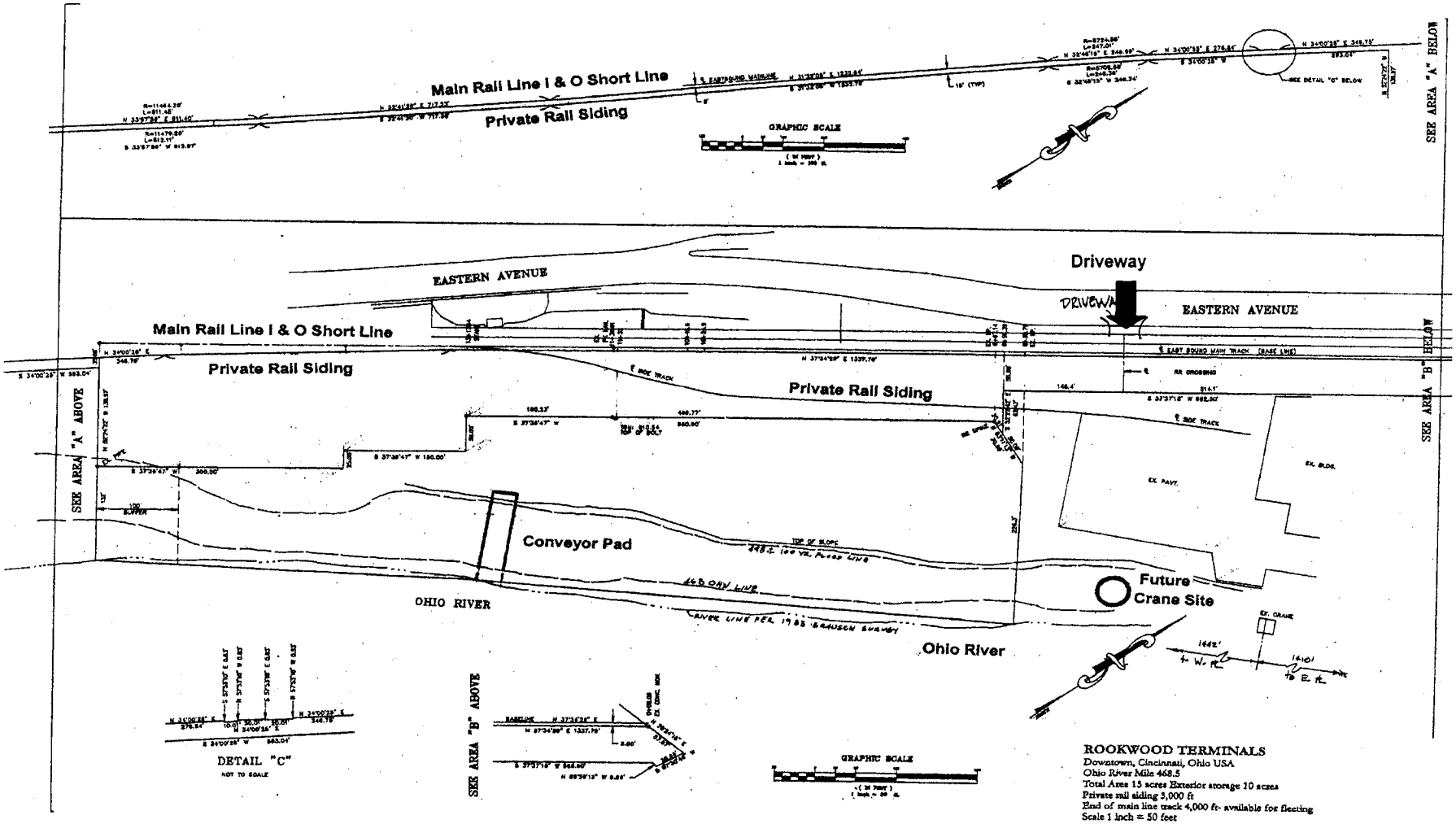
A

ROOKWOOD TERMINAL

AERIAL VIEW LOOKING EAST



ROOKWOOD TERMINALS SITE PLAN



ROOKWOOD TERMINALS
Downtown, Cincinnati, Ohio USA
Ohio River Mile 468.5
Total Area 15 acres Exterior storage 10 acres
Private rail siding 5,000 ft
End of main line track 4,000 ft- available for fleeting
Scale 1 inch = 50 feet

C

CAPITAL REQUIREMENTS

HBI / PIG IRON

	EST LIVES	COST
Barges, Work and Equipment Barge	10	650,000
Barge Unloader	10	550,000
Conveyor, Stacker and Hopper/Slide	10	325,000
Office	10	100,000
End Loaders 2 x Cat 966	10	630,000
Piling, Deadmen and Rigging	10	100,000
Utilities	10	20,000
Trackmobile	10	225,000
Misc.	10	70,000
Construction	10	240,000
Yard Truck	10	30,000
Skid loader	10	7,500

TOTAL OF CAPITAL	2,947,500
CONSTRUCTION INTEREST 11%	-
CONTINGENCY - 10%	294,750
SALES TAX 6%	194,535
TOTAL	$ 3,436,785

RESOLUTION 07-08

Re: Fulton Railroad Company, LTD Transload Facility Equipment Grant

A RESOLUTION DETERMINING THE APPROPRIATENESS OF ASSISTANCE PROPOSED TO BE PROVIDED TO THE FULTON RAILROAD COMPANY, LTD UNDER CHAPTER 4981 OF THE OHIO REVISED CODE.

WHEREAS, this Commission as the Ohio Rail Development Commission ("ORDC") created by Chapter 4981 of the Ohio Revised Code, has the responsibility of reviewing and making recommendations to ORDC staff with respect to the assistance under Chapter 4981 of the Ohio Revised Code (the "Act") proposed to be provided; and

WHEREAS, the ORDC has under consideration the provision of assistance under the Act to the Fulton Railroad Company, LTD (the "Company"); and

WHEREAS, the ORDC staff has submitted to this ORDC a Request for Assistance submitted by the Company; the determination of the Executive Director of the ORDC and the facts upon which such determination is based, that the proposed assistance will conform to the requirements of the Act and the terms of the proposed assistance; and

WHEREAS, the ORDC has reviewed such submissions and discussed them with the Executive Director and staff of the ORDC the proposed assistance; and

WHEREAS, on the basis of such review and discussions, the ORDC has determined that the provision of assistance to the Company, as set forth in the ORDC staff's submissions, is appropriate.

NOW, THEREFORE, BE IT RESOLVED by the ORDC of the State of Ohio:

Section 1. That the ORDC determines that the assistance proposed to be provided under the Act to assist the Company with the Rail Service Project (as defined below) is appropriate.

Section 2. That the ORDC approves the proposed assistance to the Company, the nature, amount and terms of which are summarized in Exhibit "A" attached hereto.

Moved By _____

Seconded By _____

Upon roll call, the vote resulted as follows:

James E. Betts, Chair	____	yes	____	no	____	absent	____	abstained	____ Recused
Howard Wood for James G. Beasley	____	yes	____	no	____	absent	____	abstained	____ Recused
Barbara Hammontree Bennett	____	yes	____	no	____	absent	____	abstained	____ Recused
Kimberly Gibson for Lt. Gov Fisher	____	yes	____	no	____	absent	____	abstained	____ Recused
Solomon Jackson	____	yes	____	no	____	absent	____	abstained	____ Recused
Thomas McOwen	____	yes	____	no	____	absent	____	abstained	____ Recused
Larry Sowers	____	yes	____	no	____	absent	____	abstained	____ Recused
Herk Wolfe	____	yes	____	no	____	absent	____	abstained	____ Recused
Dan Roberts	____	yes	____	no	____	absent	____	abstained	____ Recused
Jim Hartung	____	yes	____	no	____	absent	____	abstained	____ Recused

ORDC ACTION: Motion approved ____ Other action _____
Motion denied ____ Date 5/17/07

CERTIFICATE

I, the undersigned Chairman of the ORDC, hereby certify that the foregoing is a true and correct record of the resolution of said ORDC.

_____ 5/17/07
James E. Betts, Chairman Date

EXHIBIT A

A grant in an amount of up to Two Hundred Thousand Hundred Dollars ($200,000) (the "ORDC Grant") to purchase trackmobile and/or two front end loaders at the Company facility located in Cincinnati in the County of Hamilton, Ohio (the "Rail Service Project") as defined herein pursuant to Section 4981.032 of the Ohio Revised Code.

The ORDC Loan are subject to the following conditions:

1. The Company must meet all standard ORDC program requirements, including any applicable prevailing wage provisions, in expending ORDC funds.

2. The Company shall execute and obtain such documents as are deemed necessary by the ORDC to evidence that it has expended a substantial portion of its proposed $3.5MM investment at the Rail Service Project and to perfect a senior security interest in the equipment purchased with the ORDC Grant.

PROJECT BRIEFING
VILLAGE OF LEIPSIC "IRON HIGHWAY" INDUSTRIAL PARK

May 9, 2007

Project Costs		Project Benefits
* ORDC GRF Grant	$100,000	* Connects 3 RRs to 2,300 Acre Industrial Park
* ORDC Loan	$825,000	* New Rail Serves New Ethanol Plant
* ODOD Grant	$3,427,200	* 42 New Jobs, Up to 5,000 Cars/Yr. at Ethanol Plant
* Village of Leipsic	$600,000	* Future Industrial Park Expansion to 7,000 Acres

INTRODUCTION

The Village of Leipsic requested grant and loan funding to help build 13,800 feet of new rail track in order to connect CSX, Norfolk Southern (NS) and the Indiana & Ohio Railway (I&O) to the Iron Highway Industrial Park in Leipsic and to commence tri-rail service to a Poet Ethanol (formerly Broin Ethanol) facility doing business as Summit Ethanol which has been under construction since October, 2006. ORDC staff recommends providing the Village a grant from ORDC's GRF Economic Development Program of $100,000, and a loan of $825,000 from ORDC's Revolving Loan Fund.

The terms of the $825,000 loan would be as follows: 1) seven year term; 2) all payments deferred for 6 months; 3) 0% interest for first two years; and 4) an interest rate of 2/3 of prime for years 3 through 7. Staff requests that Commissioners empower the Executive Director to determine the collateral for the loan. The loan could be backed by a variety of methods including but not limited to a "take or pay" agreement through which Poet Ethanol will ensure a per car payment to the Village for an established number of carloads, Tax Increment Financing proceeds from the Village from the new ethanol plant , and/or a Village guaranty.

BACKGROUND

The map included herein as Exhibit "A" shows the "Iron Highway Industrial Park". This park currently is comprised of 2,300 acres just north of the Village of Leipsic proper in Putnam County. The Park is served by two natural gas providers, four electric providers, has raw and treated water, and excess waste water capacity. The area comprehensive plan includes 7,000 acres of greenfield property as suitable for industrial development.

As the Exhibit "A" map shows, the Iron Highway Industrial Park is bounded by CSX on the east, the Indiana & Ohio Railway (I&O) on the west, and the Norfolk Southern (NS) on the south which led some in the economic development community to call the area the "Golden Triangle". Local Putnam County and Leipsic officials have been planning for nearly a decade to use the proximity of three major rail lines as a stimulus for economic development. The high costs of providing the trackage needed to facilitate a tri-rail linkage, however, prevented the tri-rail linkage from being done.

In 2006, the announcement by Broin Ethanol (now Poet Ethanol), the second largest ethanol producer in the US, that it would build a 60 million gallon plant under the name of Summit Ethanol, offered an opportunity for developing the tri-rail concept. When it is operational this Fall, Summit Ethanol is expected to generate about 5,000 carloads annually consisting of inbound corn, and outbound ethanol and dried distillers grain. In addition, the local tax income from the $100 million Summit investment will provide a solid tax base. With modest per car charges yielding a significant amount of money, and the potential for a significant Tax Increment Finance (TIF) project, a basis for tri-rail service to the Iron Highway Industrial Park was laid. Greatly assisting in the tri-rail project, was the recognition of the Ohio Department of Development (ODOD) of the economic development potential of a tri-rail served park. In March of this year, ODOD agreed to provide Leipsic with a $3.4 million grant for Iron Highway rail costs.

PROJECT DESCRIPTION

The final designs and cost estimates are still being developed. Staff will provide them to Commissioners as soon as they are available. In all, the rail project is comprised of 13,800 feet of new rail, 16 new turnouts, a new track across SR 65, and related work. Rail work is estimated to cost $4.9 million.

The Village of Leipsic will own the new tracks except for turnouts on the NS, CSX, and I&O which will be owned by the respective railroads. Leipsic will be responsible for maintaining all the track it owns, including the new track and active warning devices in SR 65. Leipsic will assess per car charges and access fees to raise money for maintenance as well as debt retirement.

WHY ORDC FUNDING IS NEEDED

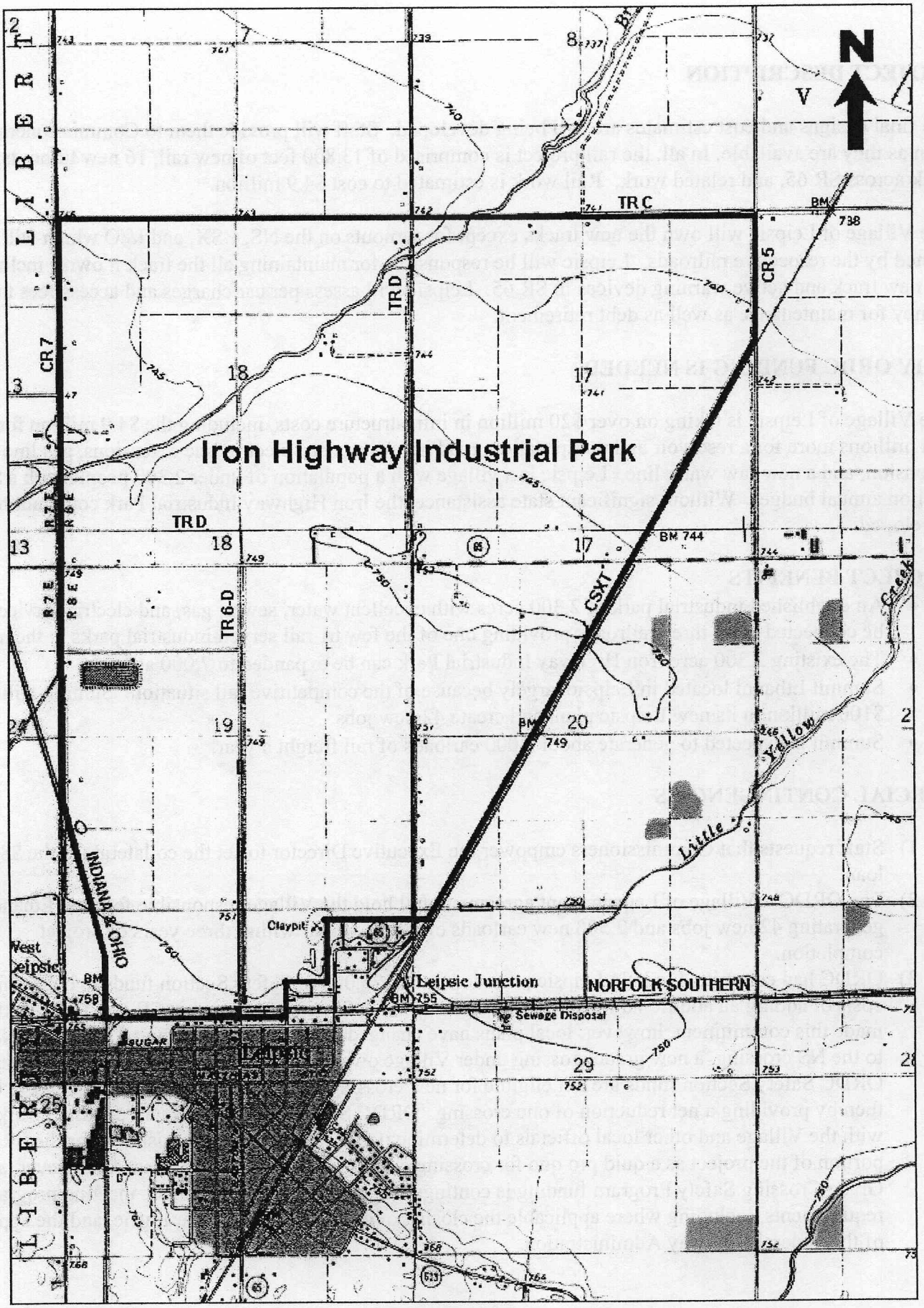
The Village of Leipsic is taking on over $20 million in infrastructure costs, including the $4.9 million for rail and millions more for a reservoir and pump station, road improvements, electric line extensions, gas line extension, and a new raw water line. Leipsic is a village with a population of under 2,300 people with a $2.5 million annual budget. Without significant state assistance, the Iron Highway Industrial Park could not be fully developed.

PROJECT BENEFITS

- An established industrial park of 2,300 acres with excellent water, sewer, gas, and electric service will be connected up to three railroads providing one of the few tri-rail served industrial parks in the nation.
- The existing 2,300 acre Iron Highway Industrial Park can be expanded to 7,000 acres.
- Summit Ethanol located in Leipsic largely because of the competitive rail situation. Summit will invest $100 million in its new Leipsic plant and create 42 new jobs.
- Summit is expected to generate about 5,000 carloads of rail freight a year.

SPECIAL CONTINGENCIES

1) Staff requests that Commissioners empower the Executive Director to set the collateral for the $825,000 loan.
2) The ORDC – Village of Leipsic grant agreement will hold the Village responsible for Poet Ethanol generating 42 new jobs and 2,500 new carloads of freight a year within three years of project completion.
3) ORDC had committed to help Leipsic provide up to $175,000 in Safety Section funds to help defray the costs of adding an additional track to the existing Norfolk Southern crossing at SR 65. Since ORDC made this commitment, however, local plans have changed and instead of adding an additional NS track to the NS crossing, a new grade crossing under Village ownership instead of NS ownership is planned. ORDC Safety Section funds are not eligible for new crossings until and unless two crossings are closed thereby providing a net reduction of one crossing. ORDC Safety Section staff will continue working with the Village and other local officials to determine if ORDC can provide assistance for the SR 65 portion of the project as a quid pro quo for crossing closures or by some other means. However, any Grade Crossing Safety Program funding is contingent upon the Village of Leipsic meeting program requirements, including where applicable the closing of crossings to vehicular traffic, and the approval of the Federal Highway Administration.


Iron Highway Industrial Park
N
TR C
TR D
CR 5
CR 7
TR 6-D
CSXT
INDIANA & OHIO
NORFOLK SOUTHERN
Leipsic Junction
Claypit
Sewage Disposal
Yellow Creek
Little
R7E
R8E
T2
T1
18
17
19
20
29
25
13
BM 744
BM 738
BM 749
BM 755
BM 758

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76

RESOLUTION 07-09

RE: VILLAGE OF LEIPSIC IRON HIGHWAY INDUSTRIAL PARK RAIL PROJECT LOAN & GRANT

A RESOLUTION DETERMINING THE APPROPRIATENESS OF ASSISTANCE PROPOSED TO BE PROVIDED TO THE VILLAGE OF LEIPSIC UNDER CHAPTER 4981 OF THE OHIO REVISED CODE.

WHEREAS, this Commission as the Ohio Rail Development Commission ("ORDC") created by Chapter 4981 of the Ohio Revised Code, has the responsibility of reviewing and making recommendations to ORDC staff with respect to the assistance under Chapter 4981 of the Ohio Revised Code (the "Act") proposed to be provided; and

WHEREAS, the ORDC has under consideration the provision of assistance under the Act to the Village of Leipsic (the "Village"); and

WHEREAS, the ORDC staff has submitted to this ORDC a Request for Assistance submitted by the Village; the determination of the Executive Director of the ORDC and the facts upon which such determination is based, that the proposed assistance will conform to the requirements of the Act and the terms of the proposed assistance; and

WHEREAS, the ORDC has reviewed such submissions and discussed them with the Executive Director and staff of the ORDC the proposed assistance; and

WHEREAS, on the basis of such review and discussions, the ORDC has determined that the provision of assistance to the Village, as set forth in the ORDC staff's submissions, is appropriate.

NOW, THEREFORE, BE IT RESOLVED by the ORDC of the State of Ohio:

Section 1. That the ORDC determines that the assistance proposed to be provided under the Act to assist the Village with the Rail Service Project (as defined below) is appropriate.

Section 2. That the ORDC approves the proposed assistance to the Village, the nature, amount and terms of which are summarized in Exhibit "A" attached hereto.

Moved By _____

Seconded By _____

Upon roll call, the vote resulted as follows:

James E. Betts, Chair	____	yes	____	no	____	absent	____	abstained	____ Recused
Howard Wood for James G. Beasley	____	yes	____	no	____	absent	____	abstained	____ Recused
Barbara Hammontree Bennett	____	yes	____	no	____	absent	____	abstained	____ Recused
Kimberly Gibson for Lt. Gov Fisher	____	yes	____	no	____	absent	____	abstained	____ Recused
Solomon Jackson	____	yes	____	no	____	absent	____	abstained	____ Recused
Thomas McOwen	____	yes	____	no	____	absent	____	abstained	____ Recused
Larry Sowers	____	yes	____	no	____	absent	____	abstained	____ Recused
Herk Wolfe	____	yes	____	no	____	absent	____	abstained	____ Recused
Dan Roberts	____	yes	____	no	____	absent	____	abstained	____ Recused
Jim Hartung	____	yes	____	no	____	absent	____	abstained	____ Recused

ORDC ACTION: Motion approved ____ Other action _____
Motion denied ____ Date 5/17/07

CERTIFICATE

I, the undersigned Chairman of the ORDC, hereby certify that the foregoing is a true and correct record of the resolution of said ORDC.

_____ 5/17/07
James E. Betts, Chairman Date

EXHIBIT A

A grant from ORDC's General Revenue Fund Economic Development Program in the amount of $100,000 (the "ORDC GRF Grant") and a loan in the amount of $825,000 (the "ORDC Loan") to assist with the construction13,800 feet of new rail track,16 new turnouts, a new track across SR 65, and related work, in order to connect CSX, Norfolk Southern (NS) and the Indiana & Ohio Railway (I&O) to the Iron Highway Industrial Park in Leipsic and to commence tri-rail service to a Poet Ethanol (formerly Broin Ethanol) facility doing business as Summit Ethanol (the "Rail Service Project") as defined herein pursuant to Section 4981.032 of the Ohio Revised Code at the Village's location in Putnam County, Ohio. The terms for the ORDC Loan shall consist of a seven year term, 0% interest in years one and two, six months deferred payment on principal, 2/3 of prime rate of interest at the time of the loan's closing for years three through seven, and collateral as determined to be adequate by the Acting Executive Director.

The ORDC GRF Grant and ORDC Loan are subject to the following conditions:

1. The Village must meet all standard ORDC program requirements, including any applicable prevailing wage provisions, in expending ORDC funds.

2. The Village shall execute and obtain such documents as are deemed necessary by the ORDC to evidence, close and secure the ORDC Loan.

APPROVED PROJECT BRIEFING
TUSCARAWAS COUNTY PORT AUTHORITY/PLYMOUTH FOAM RAIL SPUR

May 2, 2007

Project Costs		**Project Benefits**
*** ORDC Grant**	**$48,570**	*** 20 New Jobs**
*** Ohio Central Work**	**$8,290**	*** 76 Jobs Retained**
		*** Opens Up Industrial Complex to Rail**

INTRODUCTION

The Tuscarawas County Port Authority (TCPA) requested and the Chairman and Executive Director approved a $48,570 grant to replace 90 ties on an existing out of service track, and construct an additional 300 feet of track to serve a new business in the TCPA owned Southern Gateway Business Park along the Panhandle Rail Line in Gnadenhutten. The new rail spur is needed to serve the Plymouth Foam Company which is moving into a vacant building at the park.

BACKGROUND

Southern Gateway Business Park: The aerial photograph included as Exhibit "A" shows the TCPA owned Southern Gateway Business Park in Gnadenhutten which is a brownfield site that has been vacant for many years. It is located at MP 97 along the ORDC owned Panhandle Rail Line and along US Route 36. The Columbus & Ohio River Railroad (C&ORR), ORDC's contract operator for the Panhandle, will serve the park.

The park was formerly the site of Alsco Aluminum. It contains 295,000 sq. ft. of industrial buildings and 15,000 sq. ft. of office space on a 17.7 acre site. TCPA has obtained loans totaling $2.3 million to renovate an 80,000 sq. ft portion of the buildings and for other needed repairs so that Plymouth Foam can locate a plant that produces Structural Insulation Panels (SIPs) there. TCPA plans to renovate the rest of the buildings as new users require and as funding is available.

TCPA loan funding is coming from National City Bank ($800,000) and the Ohio Department of Development (ODOD) ($1,500,000 in "166" loan funds). TCPA is in the process of using the loan funding to install a new electrical system, create new offices inside the industrial building, install a new HVAC system, replace flooring, build new docks and doors, remove columns, and make other related building improvements. Some of the improvements also help to upgrade the portions of the buildings Plymouth will not be using.

Plymouth Foam: Plymouth Foam started in Plymouth, Wisconsin in 1978 as a family business. It is headquartered in Plymouth and has four plants in the US including a plant in Newcomerstown. The Newcomerstown plant now produces "EPS", Expanded Polystyrene in large "block molded billets". Salt sized plastic beads are the raw material to make EPS billets. These beads are flammable and must be carefully handled. They can not be blown from rail cars into silos so they are trucked in large bags. Plymouth Foam has a process by which the beads are filled with air, giving them a very good insulation quality, and bonded together. Once expanded, the EPS is no longer hazardous to deal with and is actually flame retardant.

The EPS blocks can be cut with hot wires into panels. The panels can be further fabricated to allow for windows, plumbing and electrical fixtures, and other building specifications. A SIP is made up of the EPS panel sandwiched between other products such as wall board or metal sheeting. SIPs can be used in a large variety of commercial and residential construction. The SIPs are largely used for roofing at present, but as the construction industry adapts to new products, the SIPs will be used for walls and a variety of other applications. Buildings built with SIPs use only about 1/3 of the energy for heating and cooling as a conventionally built structure.

Plymouth Foam's current Newcomerstown plant consists of two separate buildings two miles apart which creates inefficiencies. For example, the EPS billets produced at one on the plant buildings must be trucked over the road to the other building. Plymouth's choice was to either relocate near Newcomerstown in Ohio, or to find a site out of state. Plymouth chose the Gnadenhutten site to expand. Within the next three years, the 76 employees now working in Newcomerstown, and an additional 20 new employees, will be working at the Gnadenhutten plant.

Plymouth Foam has signed a 15 year lease with the TCPA. TCPA will use lease proceeds to pay back National City and ODOD. In addition, Plymouth is investing $2.5 million in new production equipment for the Gnadenhutten plant as well as improvements to the building. Plymouth has an option to expand from 80,000 sq. ft. to 190,000 sq. ft. within the TCPA owned facility.

Rail Needs: Plymouth will get inbound Strand Board which are 24 ft. long and 8 ft. wide in via rail in flat cars. If Plymouth produces SIPs at the same rate as it now produces them in Newcomerstown, it would mean 8 to 10 new carloads would be generated. Plymouth plans to expand production, and therefore rail use for inbound strand board. In addition, a trucking company owned by Plymouth called BSVT Transportation is investigating with the C&OR how it can use the ample, paved space near the new rail spur for transloading a variety of products for area companies.

PROJECT DESCRIPTION

There is a rail spur into the TCPA complex but it has fallen into disrepair due to lack of use and must be rebuilt. Work needed includes: 1) rebuilding by the Columbus & Ohio River Railroad of the mainline turn out including many of the switch timbers and some of the steel components; 2) replacing 90 ties and some missing rail in the existing spur; and 3) building 300 ft. of new track to lengthen the existing spur. A full description of the needed work is included herein as Exhibit "B". ORDC's grant funding will go towards items #2 and #3 above and related work items such as surfacing. The newly rebuilt rail spur will serve an existing concrete dock.

The total cost of the track work is estimated by the C&ORR to be approximately $56,860. The C&OR has agreed to provide the materials (timbers and steel), and to perform the work, needed to rebuild the existing turn out. It will also provide the missing rail on the existing spur track. The value of this C&ORR contribution to the project is approximately $8,290. The remaining $48,570 in work will be contracted out by the TCPA through a competitive bid process. TCPA will be responsible for any costs over the estimated $48,570. TCPA will own the rail spur and be responsible for maintaining it. ORDC owns the turn out and the C&OR will continue to maintain it.

The rehabilitated and expanded rail spur will be sufficient to handle projected traffic. The spur can be extended if need be to handle other rail traffic which might be generated by new users coming into the Southern Gateway Business Park. TCPA is actively marketing the park.

WHY ORDC FUNDING IS NEEDED

ORDC's grant assistance helps the TCPA provide basic infrastructure to the industrial park without increasing its already heavy debt load. In addition, the ORDC grant helps reduce the costs to Plymouth Foam of establishing its new plant in Gnadenhutten.

PROJECT BENEFITS

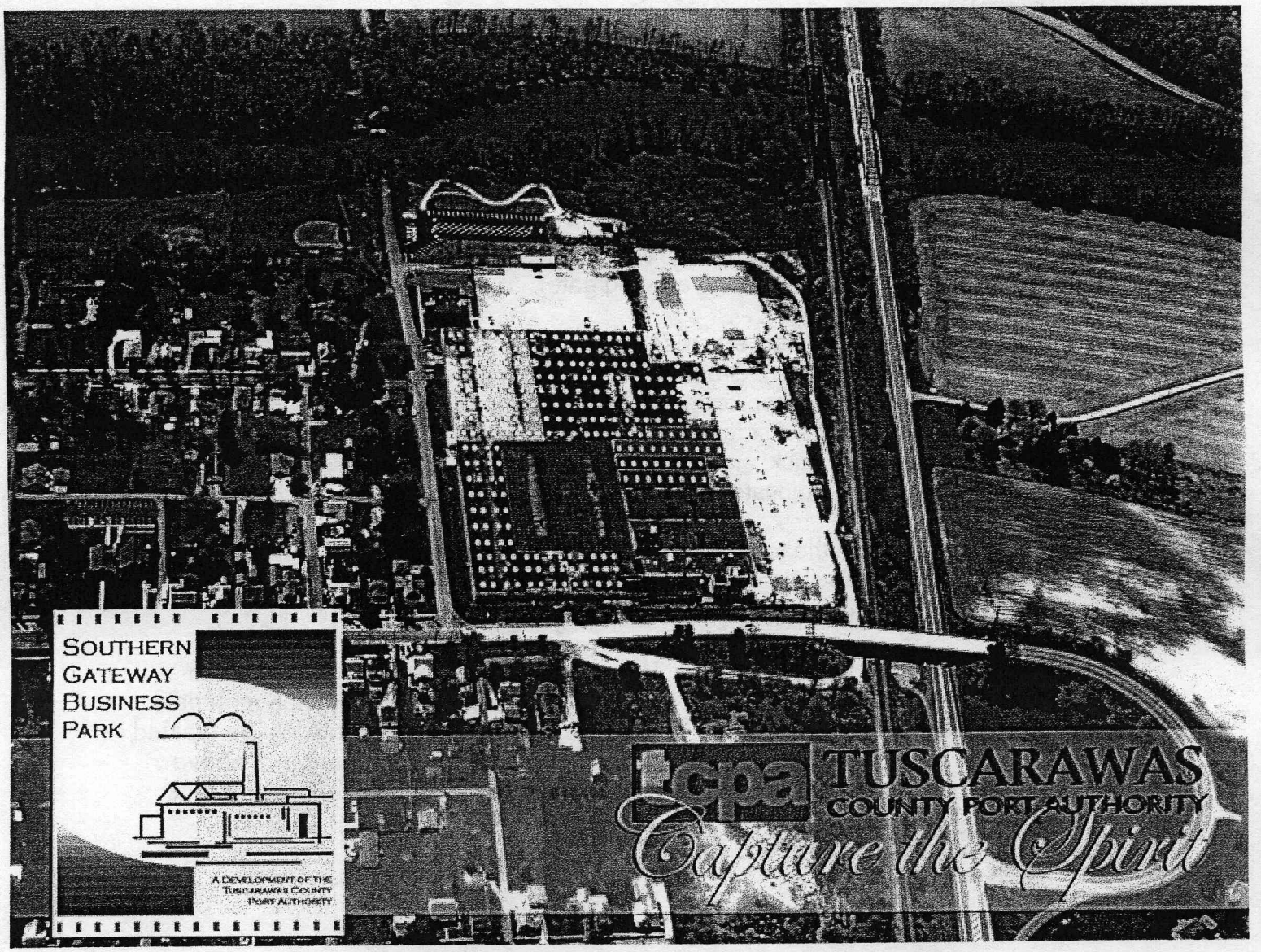
- The new rail spur will help Plymouth Foam stay in Ohio, helping to retain 76 existing jobs, and to create 20 new jobs. Average wages for the jobs, exclusive of benefits, are $10/hour.
- Rail service will be reinstated to a 17.7 acre industrial park with 295,000 sq. ft. of industrial buildings on site.

OTHER CONTRIBUTIONS

- The Village of Gnadenhutten is providing 75% tax abatement for a period of 10 years to Plymouth.
- In addition to its $1.5 million "166" loan, ODOD is providing a $20,000 "AEP Ohio Grant" for improvements to defray the $70,000 cost of repositioning electric service to the plant from the east side to the south side of the building.

SPECIAL CONTINGENCIES

In the event that the TCPA rail project comes in under cost, the Executive Director may stipulate that remaining ORDC funds be used to perform more work on the rail spur to enhance the value of rail service to the Southern Gateway Business Park including but not limited to the building of additional track footage to increase the length of the TCPA spur or other rail improvements to the spur or to the connecting turn out.


SOUTHERN
GATEWAY
BUSINESS
PARK
A DEVELOPMENT OF THE
TUSCARAWAS COUNTY
PORT AUTHORITY
tcpa
TUSCARAWAS
COUNTY PORT AUTHORITY
Capture the Spirit

B

Plymouth Foam – PaceMaker Building Systems
Gnadenhutten, OH Rail Siding restoration estimate
Ohio Central Railroad System
March 20, 2007

Scope: To restore rail service to spur at Gnadenhutten, OH site served by CUOH. Provide enough usable side track to accommodate two 75' bulkhead flatcars alongside existing concrete dock wall on approximately the same alignment as previous side track on southern side of facility site. Track to be located sufficiently lower than concrete dock to approximately match height of flatcar floor with height of top of concrete dock.

Work (A&B):
A: Mainline switch to be rebuilt, adding missing turnout pieces, rail, replace worn-out parts, replace switch timbers, replace missing joint bars as far east as end of track (approximately located at existing gate).

B: Replace approximately 90 crossties from mainline switch to end of current track (near existing gate). Grade new trackbed from end of current track for a distance of 300' along approximate alignment of previously located track. Construct new track a distance of approximately 300' from end of current track alongside concrete dock, and install ballast. Surface track from switch to end of new track. Replace/relocate fence gate to provide access to railroad.

Cost: We estimate the total cost of materials and installation at prevailing wage rates to restore the siding to service, as listed in A&B above using available contractors will be approximately $56,860.

Share Proposal: In order to assist Plymouth Foam in restoring rail service to Gnadenhutten, the Ohio Central Railroad System is willing to provide materials and handle installation with our own employees of work listed in A above (valued at approximately $8,290), leaving Plymouth Foam with work listed in B above (valued at approximately $48,570) to be performed by railroad approved track contractor at cost of Plymouth Foam.

MAP

Ohio Rail Development Commission

50 West Broad Street, Suite 1510, Columbus, Ohio 43215
614-644-0306 (telephone) • 614-728-4520 (fax) • www.dot.state.oh.us/ohiorail

May 10, 2007

Pursuant to Ohio Rail Development Commission Resolution 99-15 "Spending and Signatory Guidelines," the undersigned hereby approves of the project described in the Approved Project Briefing entitled **TUSCARAWAS COUNTY PORT AUTHORITY / PLYMOUTH FOAM RAIL SPUR** and dated May 2, 2007 as described in that briefing.

Matthew R. Dietrich
Acting Executive Director

James E. Betts
Chairman

APPROVED PROJECT BRIEFING
CITY OF GREENVILLE LEAD TRACK TO
ANDERSONS MARATHON ETHANOL PLANT & SPARTECH

May 9, 2007

Project Costs		Project Benefits
* ORDC GRF Grant	$100,000	* Provides Lead Track to Ethanol Plant
* ORDC Safety $ Up To	$187,165	* Provides New Spur to Spartech
* Dayton Dev. Coalition	$76,000	* 2,500 New Carloads on Marginal Branchline
* City of Greenville	$489,031	* Opens Up 250 Acres to Rail Service

INTRODUCTION

The City of Greenville requested and the Chairman and Executive Director approved a $100,000 grant in GRF funding to help defray the costs of a 2,400 ft. lead track to connect a new Andersons Marathon Ethanol LLC plant, and Spartech plastics plant, to the RJ Corman (RJC) Railroad Greenville to Ansonia branchline. ORDC's Safety Section has also agreed to provide the actual costs (up to $187,165) of rebuilding the crossing surface and installing active warning devices (flashers and gates) at Jaysville St. Johns Road which is located on the 2,400 ft. lead track.

BACKGROUND

Greenville to Ansonia Rail Line: RJC bought the 11.8 mile long Greenville to Ansonia line in 1996. The only connection this branchline has is at Ansonia to the CSX mainline between Galion and Indianapolis. When RJC purchased the line, Owens Corning in Greenville was the largest rail user. In 1999, ORDC provided RJC a grant of $500,000 to rehabilitate the line. RJC provided $337,707 making total project costs $837,707. The major rationale for the ORDC and RJC investments was to improve service to the Owens Corning plant which employed 600 people and had plans to expand its rail use. As a result of corporate restructuring, however, the Greenville Owens Corning plant was shut down with the loss of the 600 jobs and several hundred carloads of freight.

Since 1999, RJC has continued to serve the line but its profitability has been very marginal due to the low level of annual carloadings, only a few hundred a year. Because of the 1999 ORDC supported track rehabilitation project, however, RJC has been able to continue service to Greenville without the need to make major investments in the track structure. Until recent new developments, it was not clear that the RJC Greenville line could continue for the long term without additional public assistance for track upgrades.

New Rail Related Economic Development: Last year, a local Greenville company and RJC rail line shipper, Spartech, decided to consolidate its Ohio, Michigan, and Indiana operations in Greenville. Spartech had been generating about 80 carloads of inbound plastic a year at its Ohio plant. With the consolidation, Spartech will retain 90 Greenville jobs, add up to 100 new jobs, and generate up to 120 new carloads of rail traffic a year. (ORDC's GRF grant funding will be tied to carloads and jobs creation of the Andersons Marathon plant, not Spartech jobs and carloads.) The new Spartech plant was constructed about 2,400 ft. away from the end of the RJC line in Greenville near Jaysville St. Johns Road.

Also last year, the Andersons announced that Greenville would be the site of a 110 million gallon per year ethanol plant. Andersons has entered into a 50/50 partnership with Marathon Oil to form Andersons Marathon Ethanol LLC. The Greenville plant will employ 35 people and will generate 2,500 or more new carloads of rail traffic (corn in, dried distillers grain and ethanol out). The 85 acre Andersons site is located 2,200 feet away from the planned Spartech spur. The ethanol plant is under construction and expected to be operational later this year.

New Lead Track and Spur Needed to Serve New Plants: The current RJC line now ends at Jaysville St. John Road. In order to serve the new Spartech and Andersons plants, new track must be laid from through Jaysville St. John Road (the track in that crossing had been removed for road safety reasons) and 2,400 feet to Landsdown Road, and then another 2,200 feet across Landsdown to the Andersons site. The City of Greenville has committed to providing a lead track and a rail spur for the Spartech project, including the reactivation and rebuilding of the Jaysville St. Johns crossing. RJC has committed to building and paying for the 2,200 ft. lead track from Spartech to the Andersons including the Landsdown Road grade crossing. The Andersons will take care of its own on site rail needs.

PROJECT DESCRIPTION

The map included herein as Exhibit "A" shows the various components of the needed new tracks from the current end of the RJC line to the Andersons site. The map included herein as Exhibit "B" shows the Andersons site in more detail. It also presents a clearer picture as to how the new rail tracks in Greenville will open up new opportunities for rail related economic development to about 75 acres in Greenville's existing industrial park. This park now has all utilities. In addition, an existing business in the park, Timmerman Truss (shown on Exhibit "B" right next to the Andersons site), recently contacted ORDC Staff about possible assistance for building a new spur onto the Timmerman plant site off the soon to be built lead track.

Further, the City of Greenville has retained an easement from the Andersons Marathon to build a rail track down the east side of the Andersons property. This easement will allow a rail spur to be built off the Andersons lead to the south across Sebring Warner Road. (Sebring Warner Road is shown on the very bottom of Exhibit "B".) There are about 175 acres south of Sebring Warner Road which the City is targeting for future industrial park expansion. In anticipation of future development, the City is providing conduits for water and sewer underneath Sebring Warner Road in an upcoming road project so that these utilities in the existing industrial park can be readily extended to the future expansion area of the park.

ORDC has agreed to assist the City in its building of the 2,400 ft. lead track project and the 720 ft. Spartech spur. Exhibit "C" provides a breakdown of costs for this construction based on the winning competitive bid from the selected railroad contractor. Costs will be $852,196, including $187,165 for the Jaysville St. Johns Road crossing surface and active warning devices (including flashers and gates) which ORDC's Safety Section has agreed to pay for so long as items are eligible for use of Safety Section funds. (Greenville has been actively improving vehicular safety. In addition to including active warning devices at Jaysville St. Johns Road, Greenville last year agreed to close two crossings to promote safety.)

The 2,400 ft. lead track will be initially owned by the public sector (City of Greenville and Greenville CIC), but will be transferred to RJC after all debt is paid off in 12 years. RJC will be responsible for maintaining the 2,400 ft. lead track. Spartech will be responsible for maintaining its 720 ft. rail spur off the lead.

WHY ORDC FUNDING IS NEEDED

To facilitate the new ethanol plant, the City of Greenville is taking on over $4 million in infrastructure costs including the 2,400 ft. lead track and 720 ft. Spartech spur, moving and encasing a significant gas line for the rail construction, constructing industrial park roads, constructing sewer and water infrastructure, and related infrastructure needs. The City will recover much of its investment in a variety of ways including Tax Increment Financing and other repayments from beneficiaries but will need to absorb significant costs including interest costs on loans. ORDC help on the 2,400 ft. rail spur will enable Greenville to make ends meet.

PROJECT BENEFITS

- Helps provide rail to Andersons Marathon Ethanol which will create 35 new jobs.
- Helps put 2,500 new carloads of freight a year on the RJC Greenville to Ansonia rail line changing that line from a marginally profitable branchline to a line that will be self sustaining for the long run.
- Opens up approximately 75 acres in an existing industrial park, as well as 175 acres in a planned expansion of the existing industrial park, to RJC rail service.
- Facilitates rail service to new Spartech plant which is retaining 90 jobs and creating up to 100 new jobs.

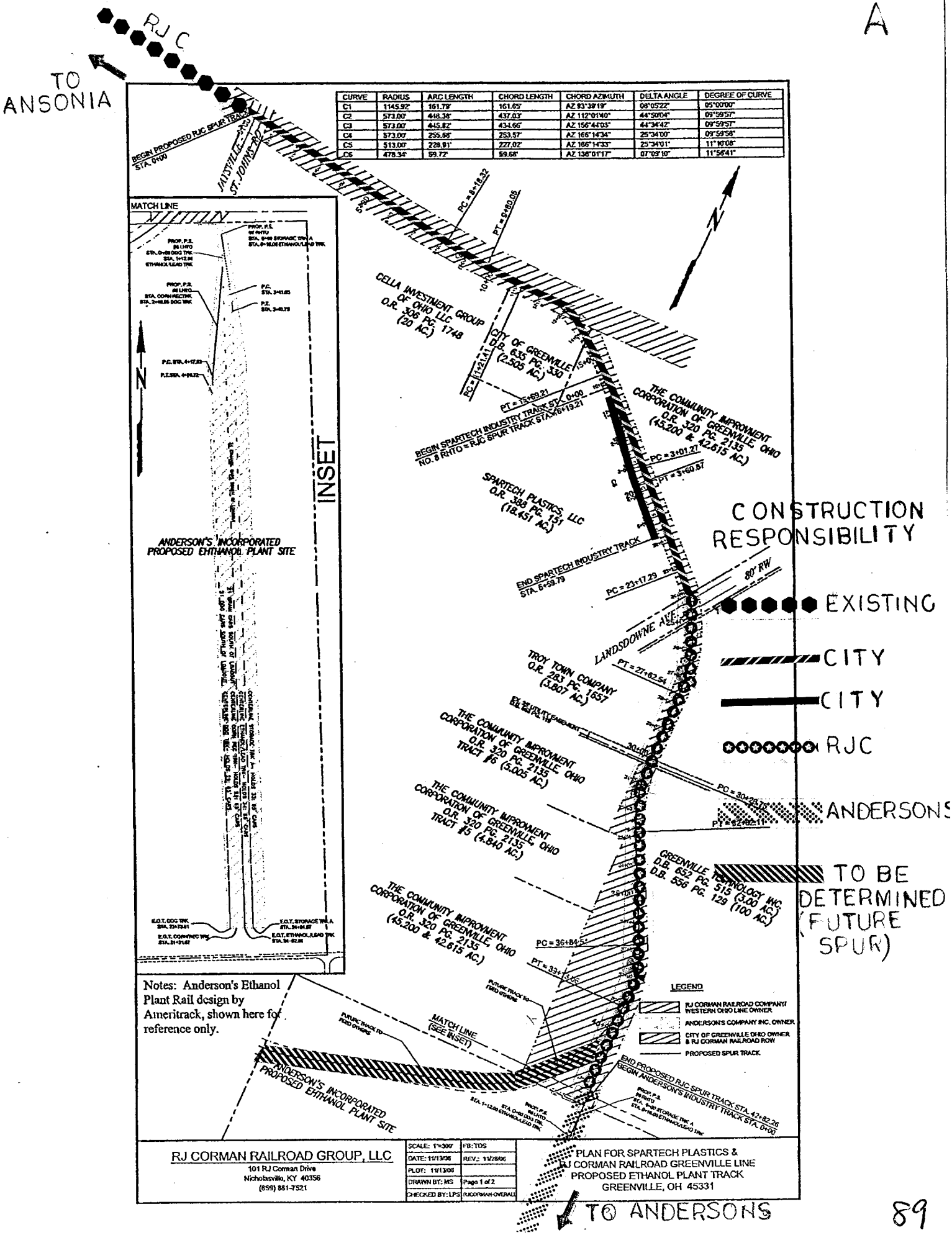
OTHER CONTRIBUTIONS

For the 2,400 ft. lead track and 720 ft. Spartech spur, the Dayton Development Coalition is providing a $76,000 grant. RJC is paying for ($550,000) and building the 2,200 ft. lead track into the Andersons site which will connect to the 2,400 ft. lead track the City is building. The City of Greenville is providing all other funding.

SPECIAL CONTINGENCIES

The ORDC grant agreement with the City will hold the City responsible for the 35 jobs and 2,500 new carloads per year which the Andersons Marathon will generate within three years of the completion of the project.

A


RJC
TO ANSONIA
BEGIN PROPOSED RJC SPUR TRACK STA. 0+00
JAMESTOWN RD
ST. JOHNS RD
CURVE | RADIUS | ARC LENGTH | CHORD LENGTH | CHORD AZIMUTH | DELTA ANGLE | DEGREE OF CURVE
C1 | 1145.92' | 161.79' | 161.65' | AZ 93°39'19" | 08°05'22" | 05°00'00"
C2 | 573.00' | 446.36' | 437.03' | AZ 112°01'40" | 44°50'04" | 09°59'57"
C3 | 573.00' | 445.82' | 434.66' | AZ 156°44'03" | 44°34'42" | 09°59'57"
C4 | 573.00' | 255.66' | 253.57' | AZ 166°14'34" | 25°34'00" | 09°59'58"
C5 | 513.00' | 228.91' | 227.02' | AZ 166°14'33" | 25°34'01" | 11°10'08"
C6 | 478.34' | 59.72' | 59.68' | AZ 136°01'17" | 07°09'10" | 11°56'41"
PC = 8+16.32
PT = 9+80.05
CELLA INVESTMENT GROUP OF OHIO LLC O.R. 306 PG. 1748 (20 AC.)
CITY OF GREENVILLE D.B. 635 PG. 430 (2.505 AC.)
PC = 11+21.41
PT = 13+59.21
BEGIN SPARTECH INDUSTRY TRACK STA. 0+00
NO. 8 RHTO = RJC SPUR TRACK STA. 16+19.21
THE COMMUNITY IMPROVMENT CORPORATION OF GREENVILLE, OHIO O.R. 320 PG. 2135 (45.200 & 42.615 AC.)
PC = 3+01.27
PT = 3+60.87
SPARTECH PLASTICS, LLC O.R. 388 PG. 151 (18.451 AC.)
END SPARTECH INDUSTRY TRACK STA. 6+59.79
PC = 23+17.29
80' R/W
LANDSDOWNE AVE.
PT = 27+62.54
TROY TOWN COMPANY O.R. 283 PG. 1657 (3.807 AC.)
THE COMMUNITY IMPROVMENT CORPORATION OF GREENVILLE, OHIO O.R. 320 PG. 2135 TRACT #6 (5.005 AC.)
THE COMMUNITY IMPROVMENT CORPORATION OF GREENVILLE, OHIO O.R. 320 PG. 2135 TRACT #5 (4.840 AC.)
PC = 30+25.12
PT = 32+02.11
GREENVILLE TECHNOLOGY INC. D.B. 652 PG. 515 (3.00 AC.) D.B. 556 PG. 129 (100 AC.)
THE COMMUNITY IMPROVMENT CORPORATION OF GREENVILLE, OHIO O.R. 320 PG. 2135 (45.200 & 42.615 AC.)
PC = 36+84.5
PT = 33+[illegible]
MATCH LINE
INSET
ANDERSON'S INCORPORATED PROPOSED EHTHANOL PLANT SITE
Notes: Anderson's Ethanol Plant Rail design by Ameritrack, shown here for reference only.
CONSTRUCTION RESPONSIBILITY
EXISTING
CITY
CITY
RJC
ANDERSONS
TO BE DETERMINED (FUTURE SPUR)
LEGEND
RJ CORMAN RAILROAD COMPANY/ WESTERN OHIO LINE OWNER
ANDERSON'S COMPANY INC. OWNER
CITY OF GREENVILLE OHIO OWNER & RJ CORMAN RAILROAD ROW
PROPOSED SPUR TRACK
END PROPOSED RJC SPUR TRACK STA. 42+82.26
BEGIN ANDERSON'S INDUSTRY TRACK STA. 0+00
TO ANDERSONS

RJ CORMAN RAILROAD GROUP, LLC
101 RJ Corman Drive
Nicholasville, KY 40356
(859) 881-7521

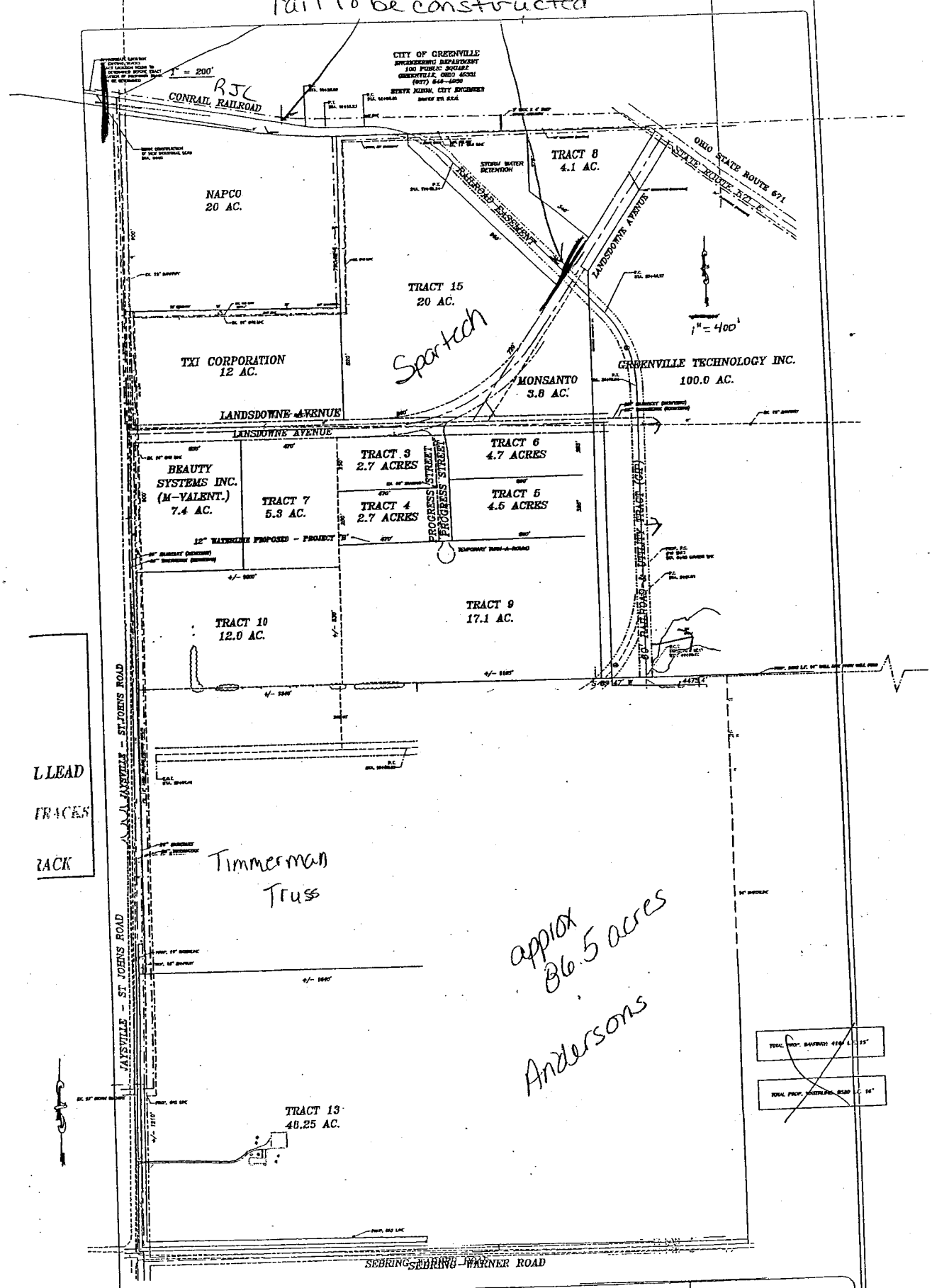
SCALE: 1"=300'	FB: TDS
DATE: 11/13/06	REV.: 11/28/06
PLOT: 11/13/06	
DRAWN BY: MS	Page 1 of 2
CHECKED BY: LPS	RJCORMAN-OVERALL

PLAN FOR SPARTECH PLASTICS & RJ CORMAN RAILROAD GREENVILLE LINE
PROPOSED ETHANOL PLANT TRACK
GREENVILLE, OH 45331

89

B

rail to be constructed



EXISTING ROAD APPROX. 2200 FT. - ACCESS TO RT. 571 AND JAYSVILLE-ST. JOHN'S ROAD.
RADIUS OF CURVE = 800' - EXISTING 80' RIGHT OF WAY.
THE ABOVE TRACTS (1,2,3,4,5,6,7,8,9,10,11,12,13,14,15) ARE PROPOSED ONLY AND ARE NOT RECORDED.
THE ABOVE TRACTS (1&2&14) ARE RECORDED BUT MAY BE SUBDIVIDED OR COMBINED WITH ANY TRACT.

CONCEPT PLAN '13f'

CITY OF GREENVILLE
ENGINEERING DEPARTMENT
100 PUBLIC SQUARE
GREENVILLE, OHIO 45331
(937) 548-4930
STEVE E. KISER, CITY ENGINEER

DATE OF MAP NOVEMBER, 2005
DATE OF REVISION
DRAWN BY: S.T.C.

CONCEPT PLAN
CONCEPT13F 2005

90

GREENVILLE INDUSTRIAL PARK RAILROAD EXTENSION
PHASE 1
CITY OF GREENVILLE, OHIO
Bid Tabulation - May 3, 2007

Phase 1 - Proposed Track Construction

"A" Excavation & Drainage				Brumbaugh Construction	
				Unit	Total
1	Mobilization	1	LS	$ 4,000.00	$ 4,000.00
2	Engineering Field Layout	1	LS	$ 16,000.00	$ 16,000.00
3	Clearing & Grubbing 2.2 ac.	1	LS	$ 19,000.00	$ 19,000.00
4	Strip Exist. Veg & Top Soil	2218	CY	$ 10.00	$ 22,180.00
5	Grading & Excavation				$ -
5A	Excavation Cut	11185	CY	$ 5.00	$ 55,925.00
5B	Compacted Fill	2339	CY	$ 8.00	$ 18,712.00
5C	Surplus Cut	8846	CY	$ 3.00	$ 26,538.00
6	Drainage Items				$ -
6A	48" dia CMP	180	LF	$ 94.00	$ 16,920.00
6B	48" End Sections	2	EA	$ 1,200.00	$ 2,400.00
6C	Crushed Stone Base & Backfill	312	NT	$ 9.50	$ 2,964.00
6D	24" dia CMP	40	LF	$ 24.00	$ 960.00
6E	24" End Sections	2	EA	$ 150.00	$ 300.00
6F	Crushed Stone Base & Backfill	44	NT	$ 9.50	$ 418.00
7	Rip-Rap	100	NT	$ 26.00	$ 2,600.00
8	Seeding & Mulching 1.3 ac.	1	LS	$ 8,480.00	$ 8,480.00
9	Temp Silt Fence	1000	LF	$ 2.00	$ 2,000.00
	Total Cost Excavating & Drainage				$ 199,397.00

"B" Proposed Track Construction				Brumbaugh Construction	
				Unit	Total
1	Mobilization	1	LS	$ 3,000.00	$ 3,000.00
2	Engineering Field Layout	1	LS	$ 10,000.00	$ 10,000.00
3	Subballast - 4"	1625	NT	$ 14.40	$ 23,400.00
4	Standard Track inc Lead & Siding	2684	TF	$ 131.00	$ 351,604.00
5	#8 Turnout - 97' Panel	1	EA	$ 37,400.00	$ 37,400.00
6	Comp Joints	2	PR	$ 330.00	$ 660.00
7	Hayes WD Bumper	1	EA	$ 2,300.00	$ 2,300.00
8	Hayes Hayco Head	1	EA	$ 2,200.00	$ 2,200.00
9	Take Up Existing Track & Store	275	TF	$ 10.00	$ 2,750.00
	Total Cost Track Construction				$ 433,314.00

"C" Proposed New Road Crossing				Brumbaugh Construction	
				Unit	Total
1	Mobilization	1	LS	$ 1,000.00	$ 1,000.00
2	Saw Cut Asphalt	50	LF	$ 6.00	$ 300.00
3	Asphalt Removal 112 SY	1	LS	$ 700.00	$ 700.00
4	Excavating 85 CY	1	LS	$ 1,100.00	$ 1,100.00
5	Subgrade Fabric	133	SY	$ 3.00	$ 399.00
6	Subballast	50	NT	$ 15.50	$ 775.00
7	Construct Track	96	TF	$ 188.00	$ 18,048.00
8	Drainage				$ -
8A	6" Perf CMP	80	LF	$ 13.00	$ 1,040.00
8B	6" Standard CMP	20	LF	$ 13.00	$ 260.00
9	Signal Conduit	60	LF	$ 6.00	$ 360.00
10	OMNI Conc X-ing	36	LF	$ 405.00	$ 14,580.00
11	New Asphalt Work				$ -

GREENVILLE INDUSTRIAL PARK RAILROAD EXTENSION
PHASE 1
CITY OF GREENVILLE, OHIO
Bid Tabulation - May 3, 2007

11A	Bituminous Asphalt Base	28	NT	$ 120.00	$ 3,360.00
11B	Top Wearing Course	14	NT	$ 120.00	$ 1,680.00
12	Flasher System 2 EA	1	LS	$ 108,447.00	$ 108,447.00
13	Adv Warning Signs	2	EA	$ 200.00	$ 400.00
14	Pavement RR Markings	2	EA	$ 850.00	$ 1,700.00
15	RR Welds	4	EA	$ 700.00	$ 2,800.00
16	Lights & Barricades	1	LS	$ 500.00	$ 500.00
17	Set Up Detour	1	LS	$ 1,000.00	$ 1,000.00
					$ 158,449.00

Bid Summary			Brumbaugh Construction Unit	Brumbaugh Construction Total
A	Excavation & Drainage	LS		$ 199,397.00
B	Proposed Track Construction	LS		$ 433,314.00
C	Proposed New Road Crossing	LS		$ 158,449.00
				$ 791,160.00
	Construction Bond	LS		$ 8,000.00
				$ 799,160.00

Additional Items				Brumbaugh Construction Unit	Brumbaugh Construction Total
1	Add Gates to Crossing Signals	1	LS		$ 26,000.00
2	Raise Ex Track west of new X-ing	300	TF		
2A	Labor & Equipment	1	LS		$ 700.00
2B	Ballast	126	NT	$ 16.00	$ 2,016.00
	Total to Raise Track				$ 2,716.00

Alternate No. 1		Brumbaugh Construction Unit	Brumbaugh Construction Total
48" Reinforced Conc Pipe w/ Ends	LS		$ 24,320.00

Ohio Rail Development Commission

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May 10, 2007

Pursuant to Ohio Rail Development Commission Resolution 99-15 "Spending and Signatory Guidelines," the undersigned hereby approves of the project described in the Approved Project Briefing entitled **CITY OF GREENVILLE LEAD TRACK TO ANDERSONS MARATHON ETHANOL PLANT & SPARTECH** and dated May 9, 2007 as described in that briefing.

Matthew R. Dietrich
Acting Executive Director

James E. Betts
Chairman

APPROVED PROJECT BRIEFING
OHI-RAIL/PINEY FORK LINE BRIDGE DECKS

May 2, 2007

Project Funding		**Project Benefits**
*** ORDC Grant**	**$42,924**	*** Preserves Service to DeNoon Lumber**
*** Ohi-Rail**	**$7,500**	*** Improves Safety of Ohi-Rail Operations**
*** DeNoon Lumber**	**$2,500**	*** Improves Efficiency of Piney Fork Operations**

INTRODUCTION

Ohi-Rail Corporation requested and the Chairman and Executive Director approved a $42,924 grant to Ohi-Rail for the purpose of repairing six bridge decks and two bridge walkways on the Piney Fork line between Minerva and Amsterdam.

BACKGROUND

Ohi-Rail Operations: Maps of the Ohi-Rail operations are included herein as Exhibit "A" (the Minerva Yard Area and Piney Fork Line) and Exhibit "B" (Overview of Ohi-Rail Operations in eastern Ohio). Ohi-Rail owns, or has operating rights over, approximately 68 miles of track.

On Exhibit "A", ORDC owns a 1.47 mile long segment of track called the Pekin Branch as well as the "Piney Fork" line from just south of Minerva Yard (MP 43.5) to the end of the line at Hopedale (MP 77.5). Ohi-Rail has operating rights on all ORDC owned trackage shown. The Piney Fork is in service between Minerva and Amsterdam including one mile of the Wolf Run Branch. The Piney Fork is out of service between Amsterdam and Apex. The Ohio Central operates over the Piney Fork via a trackage rights agreement between the municipal solid waste facility at Apex and Carman/Pan where the Piney Fork connects to the Panhandle. The line is out of service between Pan and Hopedale where it connects to the W&LE.

On the rest of Exhibit "A", Ohi-Rail owns the 0.35 mile long Alliance branch, the 1.7 mile long Minerva Yard, the 0.30 mile long Horn Connecting Track, and the 2.8 mile long branchline between Minerva Yard and its interchange with Norfolk Southern at Bayard. ORDC has the right of first refusal to purchase this Ohi-Rail owned track.

Exhibit "B" shows Ohi-Rail operations in eastern Ohio. In addition to its Piney Fork and Minerva operations, Ohio Rail operates the 27 mile long Carrollton Branch and the 1 mile long Minerva Branch of the Wheeling & Lake Erie (W&LE) under an operating agreement with W&LE.

Ohi-Rail maintains two active interchanges, with NS at Bayard, and with W&LE via Ohi-Rail's Carrollton Branch operations. The W&LE interchange at Canton via the Carrollton Branch is currently not in service due to the partial collapse of the Roberstville Tunnel just north of where the east-west line out of Minerva connects at Minerva Junction to the Carrollton Branch. In addition, Ohi-Rail could interchange with the W&LE at Hopedale if out of service track were to be put back into service.

Ohi-Rail's business is composed of three basic elements, car storage, carload traffic, and transloading at Minerva Yard. Ohi-Rail has not shown a profit in its last two full years of operations but is paying off debt and developing new traffic, especially in Minerva Yard, to regain profitability.

Piney Fork Operations: On the ORDC owned Piney Fork, Ohi-Rail serves two active customers, DeNoon Lumber in Bergholz, and Lumber Services in Amsterdam. DeNoon has historically shipped a few dozen boxcars a year of finished lumber products out by rail. The Piney Fork between Bergholz and Amsterdam had been out of service until about a year ago. Lumber Services in Amsterdam now generates an occasional carload

of inbound dimensional lumber. In addition, Ohi-Rail stores cars on the Piney Fork on the Wolf Run Branch, and at Watheys, Bergholz, and Phillips.

Piney Fork Track and Bridge Conditions: With the light traffic on the line, the ORDC owned Piney Fork track is "Excepted". Excepted Track is the lowest class of track on which a railroad is allowed by the Federal Railroad Administration (FRA) to operate. Train speeds on Excepted Track are limited to under 10 MPH. Hazmat traffic is severely restricted (maximum of 5 cars at a time) and passenger operations are altogether prohibited on Excepted Track.

Piney Fork bridges are inspected by qualified inspectors annually and are generally structurally sound. However, the decks on some Piney Fork bridges have not been repaired for decades and some are in need of immediate repair. The decks of these bridges have Excepted Track. Restrictions for Excepted Track on bridges are stricter than for track in general. No hazmat cars at all can be handled over Excepted Track on a bridge or a bridge approach. Ohi-Rail has prohibited any hazmat operation on select Piney Fork bridges and has imposed a 2 MPH slow order for non hazardous traffic.

PROJECT DESCRIPTION

One bridge deck on the Ohi-Rail owned portion of its operations at the north end of Minerva Yard (Piney Fork MP 41.5) and five bridge decks on the ORDC owned Piney Fork (MPs 44.9. 48.6 49.8, 50.3, and 56.1) need bridge deck repairs for continued safe and efficient operations on the Piney Fork. The repair of the deck on bridge 41.5 will enable Ohi-Rail to handle an occasional hazmat car in Minerva Yard. The repair of the five bridge decks on the ORDC portion of the Piney Fork will allow Ohi-Rail to operate more safely by reducing the chance for a derailment on a bridge, and more efficiently by removing 2 MPH slow orders over bridges.

In addition to bridge decks, two Piney Fork bridges need walkway improvements so train crews can walk over bridges when there is a train on the bridge. One walkway needs to be repaired (MP 62.1) and one needs to be replaced (Phillips Wye).

Exhibit "C" herein attached contains a listing of the bridge repairs and estimated costs. The total repair estimate is $52,924 with ORDC paying $42,924, Ohi-Rail paying $7,500, and the major Ohi-Rail served Piney Fork customer, DeNoon Lumber, providing $2,500.

WHY ORDC FUNDING IS NEEDED

Without ORDC funding the bridge deck repair project would not be done threatening service to rail users on the ORDC owned Piney Fork line.

PROJECT BENEFITS

- Rail service to DeNoon Lumber and its 120 employees preserved.
- Ohi-Rail profitability enhanced by continued access: 1) to DeNoon Lumber for carload traffic; 2) to various points on the Piney Fork for car storage; and 3) to Minerva Yard for occasional hazmat cars.
- Rail safety improved and chance of derailment reduced by eliminating Excepted Track on bridges and bridge approaches.
- Rail safety improved by providing safe walkways for Ohi-Rail train crews.

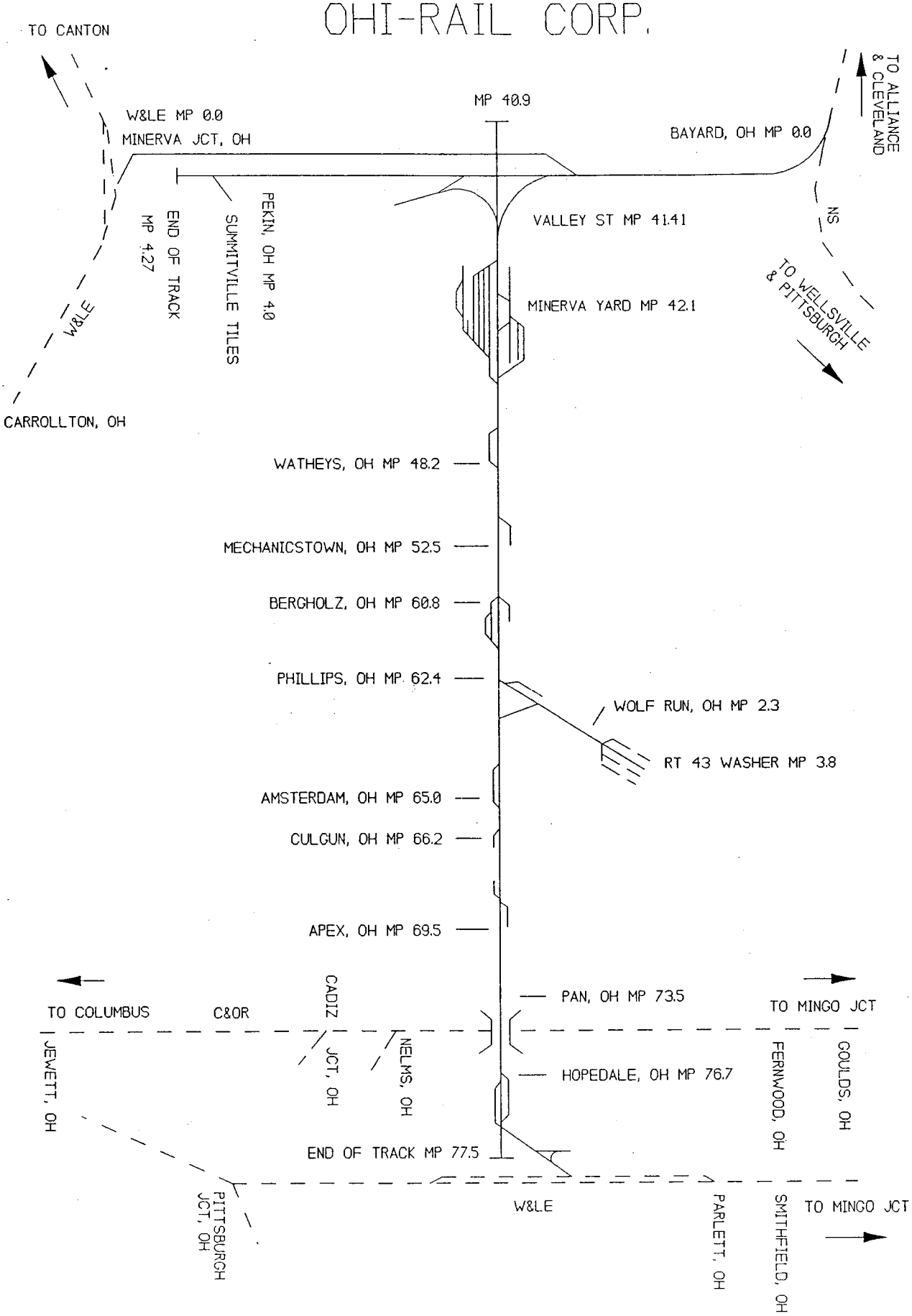
OTHER CONTRIBUTIONS

Ohi-Rail is contributing $7,500 and DeNoon Lumber is contributing $2,500.

SPECIAL CONTINGENCIES

In the event that the Piney Fork Bridge Deck project comes in under cost, the Executive Director may stipulate that remaining ORDC funds be used to perform more work on the Piney Fork to enhance the value of rail service on the Piney Fork including but not limited to additional work on Piney Fork bridge decks and other track improvements.

OHI-RAIL CORP.



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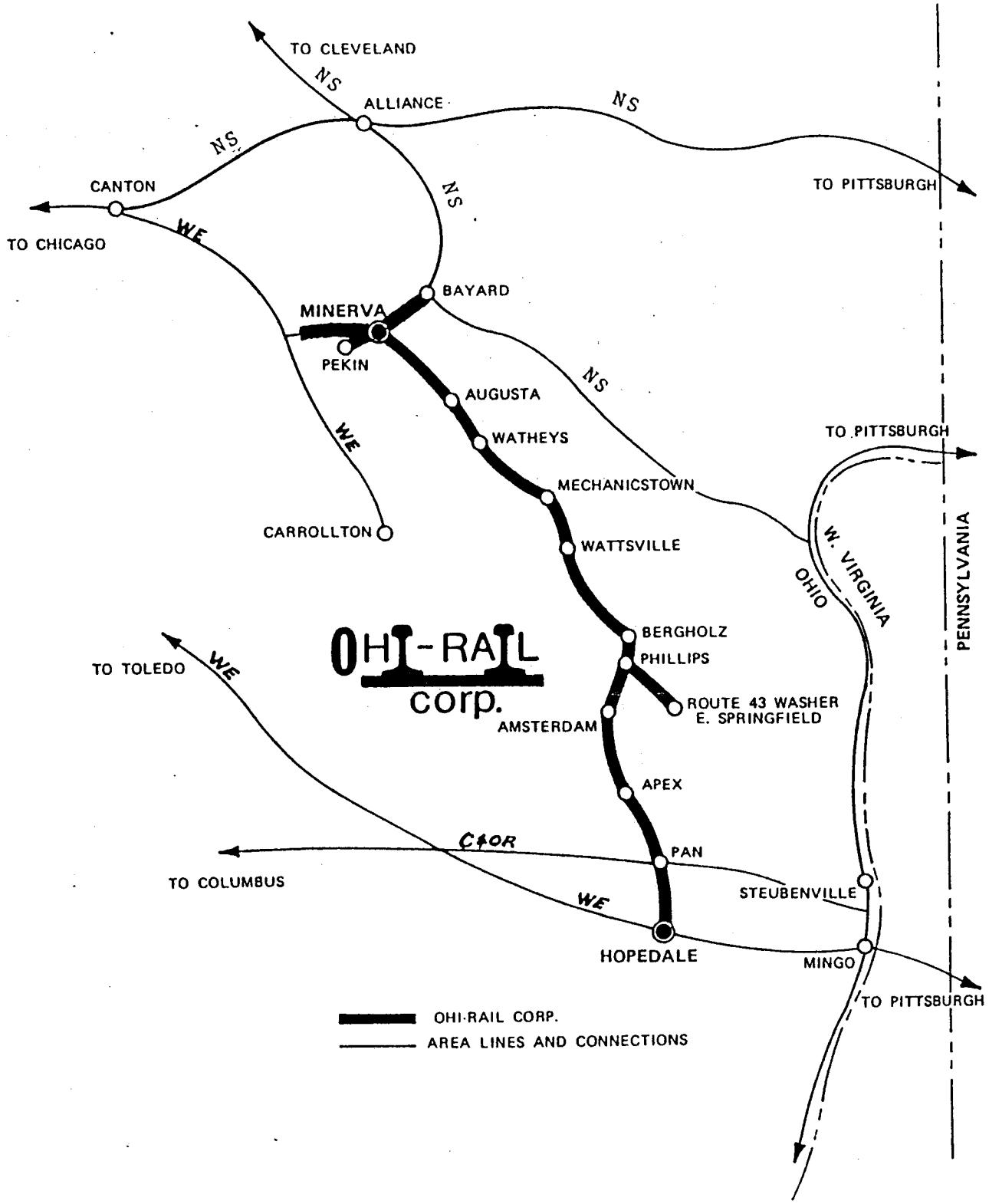

Revisions:
5/17/90 (W&LE)
4/17/92 (C&OR)
11/08/93 (OHIC Bayard
6/01/99 (NS Merger)

98

C

Ohi-Rail Corporation
2007 Track Funding Request
Minerva to Amsterdam Bridge Decks

4/16/2007

Item	Unit Price	Estimated Amount	ORDC	OHIC	
BRIDGE DECK REPLACEMENT					
BR 41.5					
20 ties (replaced, special cut)	250	$5,000			
BR 44.9					
20 ties	180	$3,600			
Curbing 60'	6	$360			
BR 48.6					
12 ties		$1,920			
Curbing 36'		$216			
BR 49.8					
11 ties		$1,980			
Curbing 32'		$192			
BR 50.3					
70 ties		$12,600		$2,500	DeNoon
Curbing 204'		$1,224		$500	
BR 56.1					
28 ties		$5,040			
Curbing 82'		$492			
Mobilize 6 bridges	1000	$6,000			
Bridge Approach Ties 100 Installed	60	$6,000			
Tamp bridge approaches	500	$3,000			
Mobilize Tamper		$2,000		$2,000	
Spread stone bridges 2 cars ballast	2500	$5,000		$5,000	
BR 0.7 Phillips Wye					
Walkway Replacement		$2,100			
BR 62.1 Phillips					
Walkway Repairs		$1,200			
BRIDGES TOTALS		$52,924		$10,000	

Funding Requested **$42,924**

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May 10, 2007

Pursuant to Ohio Rail Development Commission Resolution 99-15 "Spending and Signatory Guidelines," the undersigned hereby approves of the project described in the Approved Project Briefing entitled **OHI-RAIL/PINEY FORK LINE BRIDGE DECKS** and dated May 2, 2007 as described in that briefing.

Matthew R. Dietrich
Acting Executive Director

James E. Betts
Chairman